As of 11 a.m. ET **DJIA** 10406.28 ▲ 0.67% **FTSE 100** 5244.37 ▲ 0.78% **Nikkei 225** 9862.82 ▼ 1.42% **Shanghai Comp.** 3254.26 ▲ 0.45% **Hang Seng** 21700.04 ▼ 0.19% **Sensex** 17189.31 ▲ 0.37% **S&P/ASX 200** 4606.66 ▼ 0.67%

The high and the mighty: Climbing China's holy mountains
WEEKEND JOURNAL W8

Brown and Sarkozy on global financial regulation
EDITORIAL & OPINION 13

Australia: A$6.00(Incl GST), Brunei: B$5.00, China: RMB25.00, Hong Kong: HK$18.00, India: Rs25.00, Indonesia: Rp18,000(Incl PPN), Japan: Yen500(Incl JCT), Korea: Won2,500.
Malaysia: RM6.00, Pakistan: Rs80.00, Philippines: Peso80.00, Singapore: S$4.00(Incl GST), Sri Lanka: Sirs180(Incl VAT), Taiwan: NT$60.00, Thailand: Baht50.00, Vietnam: US$2.50
KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK. MENPEN R.I. NO: 01/SK/MENPEN/SCJJ/1998 TGL 4 SEPT 1998

THE WALL STREET JOURNAL.

VOL. XXXIV NO. 74 (India facsimile VOL. 1 NO. 135) ASIA Friday - Sunday, December 11 - 13, 2009
DOWJONES A NEWS CORPORATION COMPANY asia.WSJ.com

Obama accepts Nobel Peace Prize, while defending war strategy

Associated Press

U.S. President Barack Obama displays his Nobel Prize during Thursday's ceremony in Oslo. He defended his ability to seek peace while fighting two wars, describing the limits of the moral standard of nonviolence as practiced by 1964 Nobel laureate Martin Luther King Jr. **Page 8.**

Chinese rules on tech sales upset vendors

By Loretta Chao

BEIJING—Global technology companies are raising concerns over new Chinese procurement rules they fear could restrict or block foreign vendors from selling high-tech gear to government agencies.

The companies are responding to requirements released in a circular the Chinese government posted on a Web site in late October but didn't publicize. The new rules require vendors to gain accreditation for their products before they can be included in a government procurement catalog of products containing "indigenous innovation."

Companies that aren't listed in the catalog will theoretically be allowed to bid for government contracts. But those that are listed will apparently be given preference. The government required applications to be filed Thursday.

At stake are billions of dollars of Chinese government spending on personal computers and application devices, communication products, office equipment, software and energy-efficient products.

The overall size of government contracts that would be covered is unclear. In all, purchases through public procurement—including nontech goods—totaled 599.09 billion yuan ($87.7 billion) in 2008, more than triple the amount in 2003, according to the Ministry of Finance. Public procurement will account for 14% of the 40 million PCs sold annually in China this year, estimates Bryan Ma, analyst for market research firm IDC.

More than two dozen industry groups from North America, Europe and Asia, representing most of the world's major technology companies, have joined together and plan to send a letter to relevant Chinese ministries saying they are deeply concerned by the notice, people familiar with the situation say. The U.S. Chamber of Commerce said it is among the organizations that signed the letter.

These people said the letter reflects global industry concerns that the criteria outlined in the notice would make it extremely difficult for foreign suppliers to sell into the procurement market, even for companies that have made substantial invest-

Please turn to page 16

Shippers fear environmental tax

By John W. Miller

BRUSSELS—Shipping companies, already crippled this year by a global trade slump, fear that the Copenhagen climate summit will deliver another hit: a tax on bunker fuel, the thick, sulfuric low-grade oil that powers ships.

Leaders at the Copenhagen climate talks are expected to assign the London-based International Maritime Organization, which runs the global register of shipping, to run the new levy, shipping analysts and officials say. The hope is that taxing fuel will give shipping companies added economic incentive to reduce bunker-fuel consumption, say, by shortening routes and finding alternate energy sources. The tax, estimated at $10 billion a year, will likely be in place by 2012.

Bloomberg News

An A.P. Moeller Maersk container vessel departs from the port of Algeciras, Spain.

Shipping companies meanwhile are racing to show that they're doing all they can to cut emissions on their own—without the incentive the tax is intended to provide.

A.P. Moller Maersk AS, the world's biggest container-shipping company, has taken steps it says will cut emissions by 20% per container by 2017, Chief Executive Nils Andersen said in an interview.

Scientists estimate that shipping, the vehicle for 80% of world trade, is responsible for 3% to 5% of all carbon emissions. Yet, along with airlines, the shipping industry was left out of the 1992 Kyoto protocol, which focused mainly on requiring onshore industries to cut their carbon emissions.

Yet the issue of shipping emissions has been gathering steam and some sort of tax now seems inevitable. If governments can't agree on a tax, the European Union will levy a fee on all ships that dock in EU ports, EU officials say.

In Copenhagen, there are eight ideas on the table, involving a straight tax, a cap-and-trade arrangement and a combination. "Shipping is far down the agenda, but we're expecting to end up with one of these ideas," says Annie-Marie Warris, who follows the issue for Lloyd's Register, which classifies and assesses

Please turn to page 16

Announcing
The First OLTP Database Machine

Exadata V2
Hardware by Sun
Software by Oracle
ORACLE®
oracle.com/exadata
or call 1.800.ORACLE.1
Copyright © 2009, Oracle. All rights reserved.

PAGE TWO

What's News—

* * *

Business & Finance

■ **Apple is exploring** an overhaul of the way it sells and stores music that is aimed at extending its influence to the Web. The key vehicle for the move is its newly acquired music-streaming service La La Media. **11**

■ **Sales of iPhones in China** appear to have picked up after a sluggish start. **11**

■ **Steelmakers are lining up** to fight a proposed joint venture of Rio Tinto's and BHP's iron-ore operations, saying the proposal would allow the miners to control supply and drive up prices. **17**

■ **Rio Tinto is replacing** its chief iron-ore negotiator for talks on benchmark prices after this year's negotiations failed to reach an accord with China. **17**

■ **The U.S. trade deficit** narrowed unexpectedly in October, on rising exports of goods such as cars. **8**

■ **The U.S. government** should do more to help businesses create jobs, said economists in the latest Wall Street Journal forecasting survey. **8**

■ **Beijing said** that U.S. and Russian companies dump specialty steel in China and that U.S. companies receive unfair government subsidies. **3**

■ **The Bank of England held** steady on rates and stimulus programs. Switzerland also kept rates steady while Iceland lowered its main rate to 10%. **8**

■ **U.S. stocks traded higher** on some positive signs in a mostly mixed jobs report, while Japanese shares fell as a stronger yen hurt exporters. **27**

■ **Suzlon Energy aims** to push for the completion of its purchase of Germany's REpower Systems over the next few months. **18**

■ **PetroVietnam is expanding** in Africa. Vietnam's state-run oil company has signed an energy deal with Sudan's national oil producer. **19**

Associated Press

British Defense Secretary Bob Ainsworth, second right, accompanied by his Afghan counterpart, Gen. Abdul Rahim Wardak, right, reviews an honor-guard ceremony in Kabul on Thursday. Mr. Ainsworth arrived in Kabul as part of a three-day trip amid waning support for Britain's military campaign in Afghanistan.

■ **Credit Suisse's vice chairman**, Urs Rohner, will succeed Han-Ulrich Doerig as chairman when Mr. Doerig steps down in 2011. **23**

■ **Sapporo Holdings is buying** a majority stake in Kronenbourg Vietnam as a shrinking population takes a toll on Japanese beer demand. **25**

■ **India's Sistema Shyam**, a unit of Russia's Sistema JSFC, is selling a nearly 20% stake to the Russian government for $676.9 million. **20**

■ **Malaysian businessman** Vincent Tan agreed to buy Friendster, a social-networking site that retains a big following in South Asia but has been eclipsed globally by rivals such as Facebook. **20**

* * *

World-Wide

■ **U.S. envoy Stephen Bosworth** said North Korean officials agree on the need to restart six-party disarmament talks, but made no commitment about when. **4**

■ **President Arroyo** is under pressure to pacify the southern Philippines before May elections. **4**

■ **The Indian government agreed** to carve a separate state out of the southern Indian province of Andhra Pradesh, which includes the information-technology capital of Hyderabad. **6**

■ **Afghanistan's Western backers** increasingly favor postponing the nation's parliamentary election, scheduled for May. **6**

■ **A leading Indonesian politician** said suspension from duty of the vice president and finance minister might be necessary so they have time for an inquiry into last year's bailout of a small bank. **4**

■ **A Pakistani official said** five Americans detained in Pakistan had developed contacts with al Qaeda operatives and were on their way to a militant training camp. **6**

ONLINE TODAY

Most read in Asia

1. U.S. Helps Frequent Fliers Make a Mint
2. Senate Leaders Reach Health Pact
3. The Gambler Who Blew $127 Million
4. Opinion: Girlfriends and Double Standards
5. Apple Plots Reboot of iTunes for Web

Most emailed in Asia

1. N. Korean Money Shift Sparks Violence
2. U.S. Helps Frequent Fliers Make a Mint
3. Dubai World Loses W Hotel Auction
4. The Gambler Who Blew $127 Million
5. Uncle Sam Flies to Boeing's Aid

Deal Journal

blogs.wsj.com/deals

What would happen if the U.S. followed in London's footsteps and passed a 50% tax on large bonuses?

Continuing coverage

Follow coverage of executive pay at **wsj.com/execpay.**

China Real Time

blogs.wsj.com/chinarealtime

According to Chinese law, cremation is required in most of the country. But relatives are still burying their dead, with a fine making such burial sites legal.

Inside

World News: Arroyo is under pressure to pacify restive area. **4**

Technology: Google localizes its look in South Korea. **10**

Business & Finance: Bets on sovereign risk start to pay off. **17**

Heard on the Street: HSBC is RBS's last hope in Asia. **32**

THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

Trademarks appearing herein are used under license from Dow Jones & Company. USPS 337-350ISSN 0377-9920

China exits deflation amid recovery

Analysts forecast inflation's return in November, as government changes policy of setting low prices for some resources

By Andrew Batson And Shai Oster

BEIJING—China is moving out of deflation after nearly a year of falling consumer prices, a turnaround driven in part by changes in government policies that kept costs for oil, water and electricity artificially low.

China's consumer price index likely climbed 0.5% from a year earlier in November, according to the median forecast of economists polled by Dow Jones Newswires, after declining every month since February. The government is scheduled to announce its CPI reading early Friday. The return of inflation—still mild at this point—reflects both the recovering economy and efforts to raise state-set prices for key resources to better reflect market supply and demand.

Prices are rising for a range of goods, from food to property. The change in resource prices is noteworthy because the government had kept prices insulated from market forces even as it dismantled the planned economy in other sectors.

The effects of controlled energy and resource prices have been broad. Some of China's trading partners complain that its low prices for raw materials are, in effect, government subsidies to Chinese companies. Many economists say they think these prices send the wrong signals to Chinese corporate managers, encouraging them to overuse scarce resources and invest too much, risking overcapacity. At the same time, resource companies underinvested, leading to periodic electricity and fuel shortages.

"By keeping all these resources underpriced, they encourage overcapacity, which is a drag on overall economic performance," said Yolanda Fernandez Lommen, an economist for the Asian Development Bank in Beijing.

"By assigning market prices to these resources, they will get more efficient use of resources. That's good not only for the economic structure, but also for the environment," she said

China has dabbled with energy-price overhauls before, but officials met resistance from consumers and businesses to higher prices. This time, they have kept at it. The government has repeatedly raised prices for gasoline and other fuels this year to reflect rising global oil prices. Local gasoline prices are up 50% since the start of the year, and including taxes are about 25% higher on average than in the U.S., said Gordon Kwan, head of regional energy research at Mirae Asset Securities. Nonresidential electricity prices were raised by about 5% in November, the first move in a year. Several major cities have started increasing charges for water; the capital, Beijing, raised rates for most businesses by 9% last month. Industry analysts say they expect prices for natural gas to increase by 10% to 15% early next year.

The moves don't yet amount to full liberalization. "Under the new system, pricing decisions are still in the hands of the government. There remains ample room for price interventions, which, however, are likely to be less dramatic than under the previous system," said K. F. Yan, a director at energy consultancy IHS CERA.

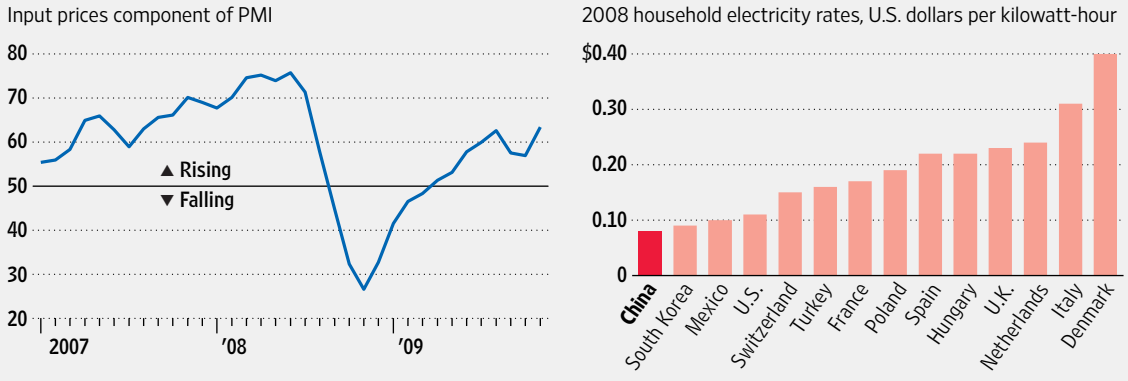
With inflationary pressures returning, it could get more difficult to keep liberalizing prices. But Peng Sen, a vice-chairman of the National Development and Reform Commission, the planning agency in charge of prices, said Thursday that while the government is keeping an eye on price stability, "China will next year continue to reform environmental fees and the prices of water, electricity, natural gas and other resources," the official Xinhua news agency reported. The government argues that such price changes help increase energy efficiency and ease supply bottlenecks caused by the previous system.

China has been resisting pressure from other countries to let its exchange rate appreciate, but these increased costs for companies actually have a similar effect, by making goods more expensive. "The relative price adjustments could help to appreciate the real exchange rate, at least the rate the heavy industries are facing," said Wang Tao, China economist for UBS, in a recent report.

The costs of land and real estate are also rising, boosted by a flood of government stimulus funds. The average sale price of nonresidential buildings was up 4% from a year earlier in November, according to official data published Thursday, and land prices were up 4.7% in the third quarter.

Price gap

Raw material costs have been rising in China but prices of many basic inputs remain below world levels



Sources: China Federation of Logistics and Purchasing (input prices), International Energy Agency; China's National Development and Reform Commission (electricity rates)

China slaps duties on steel imports

BEIJING—Beijing alleged Thursday that U.S. and Russian companies are dumping specialty steel in China and that U.S. companies receive unfair government subsidies, causing "substantial harm" to the domestic industry.

China's Ministry of Commerce, in a preliminary ruling that was another sign of increasing friction between China and its trading partners, said U.S. and Russian companies are selling flat-rolled electrical steel, a product used in the power industry, at unfairly low prices in China.

It also said it will slap antisubsidy charges on companies that import such products from the U.S.

It is the first time China has investigated the role of foreign subsidies in products imported into China, though it has launched many antidumping investigations in the past, the ministry said in a statement on its Web site.

China's Western trading partners have criticized Beijing for subsidizing domestic industries, giving Chinese companies an edge in foreign markets.

"China's investigation was conducted according to Chinese law and World Trade Organization principles," a ministry spokesman said in the statement.

The ministry said importers will need to pay antidumping duties ranging from 10.7% to 25% to import the product from U.S. companies, including **AK Steel** Corp. AK Steel couldn't immediately be reached for comment.

The ministry will also charge an antisubsidy tariff of between 11.7% and 12% on imports of the product from the U.S.

It said importers will have to pay a tariff of 4.6% to import the product from two Russian companies, OJSC **Novolipetsk Steel** and **VIZ-Stal** Ltd., and 25% for purchases from other Russian companies.

A spokesman for Novolipetsk and VIZ-Stal, which are related, said he was aware of China's decision but had no comment.

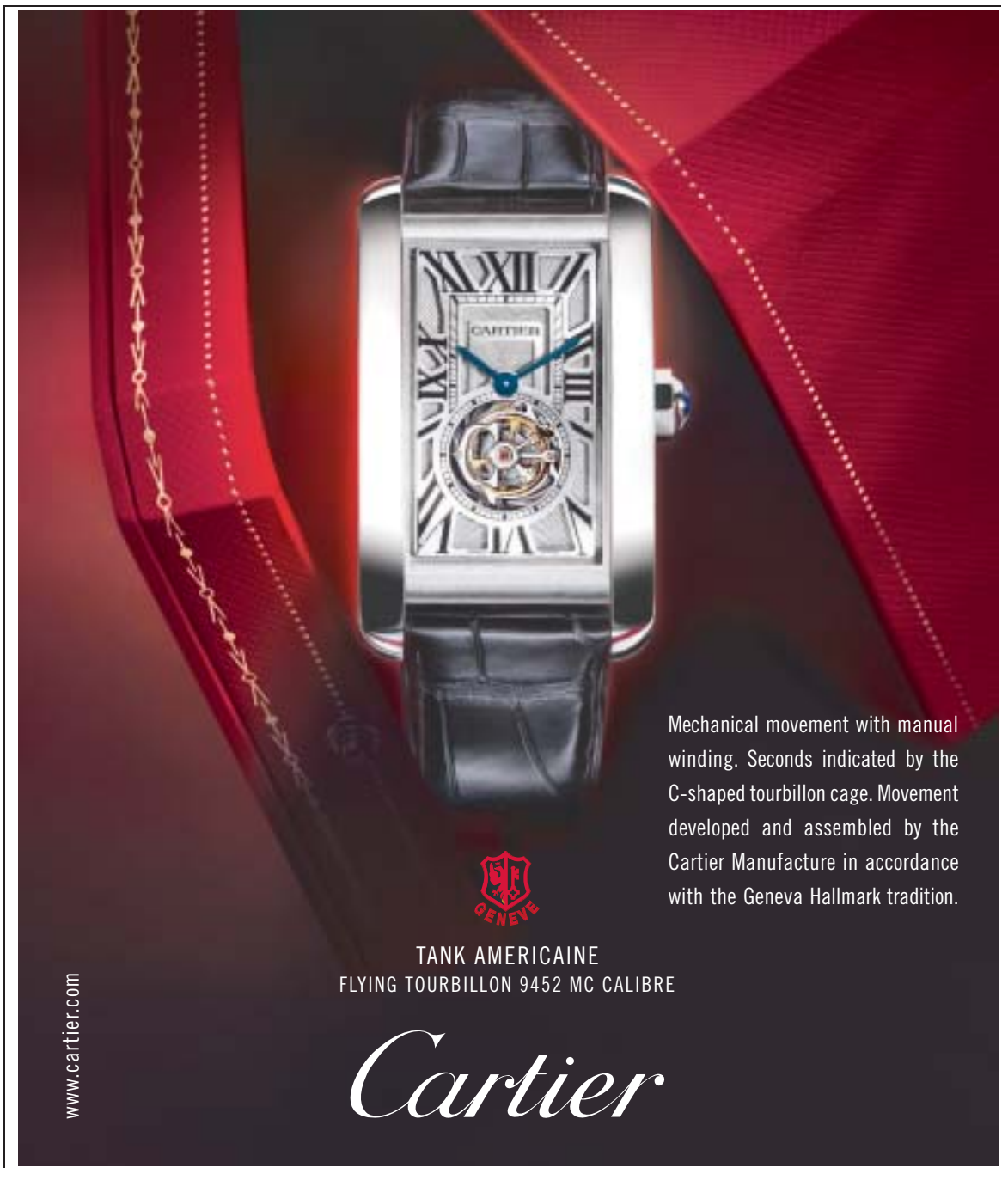
The ministry said in a separate statement it launched the investigations on June 1, after receiving complaints from Chinese companies, including **Wuhan Iron & Steel (Group)** Corp. and **Baosteel Group** Corp., that imported electrical steel had been sold at unreasonably low prices.

The ministry said the "Buy America" provision approved by the U.S. Congress effectively provided subsidies for U.S. steelmakers.

The U.S. Congress passed a $787 billion economic stimulus plan earlier this year that included a Buy America provision requiring all steel and steel materials used in infrastructure construction and repair projects related to the plan to be purchased from U.S.-based companies.

The Chinese ministry said imports of specialty steel from the U.S. and Russia have grown rapidly in recent years. The combined market share of these products in China rose 1.17 percentage points in the first quarter this year from a year earlier, after rising 5.56 percentage points in the first quarter last year.

—Victoria Ruan


Mechanical movement with manual winding. Seconds indicated by the C-shaped tourbillon cage. Movement developed and assembled by the Cartier Manufacture in accordance with the Geneva Hallmark tradition.
GENEVE
TANK AMERICAINE
FLYING TOURBILLON 9452 MC CALIBRE
Cartier
www.cartier.com

Pressure put on Arroyo to end terror

New hostage-taking of 57 after martial law is declared points to need for volatile south to be tamed before May elections

By James Hookway

Philippine President Gloria Macapagal Arroyo is under pressure to find new ways of pacifying the anarchic southern Philippines after last month's massacre of 57 people there.

But the options—including strengthening court systems and improving rule of law in the region—could take months, if not years. If progress isn't made before next May's national and local elections, analysts warn, the Philippines could see more of the clan-driven conflicts that led to the extraordinary eruption of violence on Nov. 23.

If the efforts fail, it could leave the southern region—already a hotbed for Communist insurgencies and al Qaeda-linked terrorists—even more volatile than it is today.

Another kidnapping on Thursday underscored the area's volatility. Local officials said a bandit gang seeking immunity from prosecution took 75 hostages, including elementary-school students and teachers a few hundred kilometers from the Nov. 23 massacre site. The Associated Press reported that 18 hostages, including all the children, were later released, leaving 57 people still held as officials negotiate their freedom.

For decades, successive Philippine governments—including Mrs. Arroyo's—have armed local clan leaders and their militias to contain Muslim and Communist terrorists as well as powerful political chieftains. Now, Mrs. Arroyo's government is attempting to undo some of the damage. She declared martial law last week in Maguindanao province where the Nov. 23 killings took place, to enable the military to hunt down suspected militia members and to unearth arms caches known to be hidden on the property of local politicians believed to be behind the murders.

Reuters

Demonstrators on Thursday condemn with mock coffins last month's election-related massacre in Maguindanao province.

Prosecutors have filed multiple murder charges against a local mayor, Andal Ampatuan Jr., for allegedly leading the massacre of 30 journalists and his rivals in the Mangudadatu family. His father, former governor Andal Ampatuan Sr., and other clan members, have been arrested and charged with rebellion. The family maintains their innocence.

Although opposition politicians have argued martial law is an overreaction, supporters of Ms. Arroyo's tactics, such as the influential Catholic Bishops Conference of the Philippines, suggest it offers the quickest way to start rebuilding a civil society in a region long steeped in blood.

One critical task will be to shore up the southern Philippines' judicial system, which analysts say had been intimidated by local clans in recent years. In the days after the massacre, investigators complain that local magistrates didn't show up for work, delaying the issue of arrest and search warrants.

"They were afraid of reprisals from the clans," one investigator says. The Philippines' Department of Justice petitioned the Supreme Court to allow it to transfer the massacre trials to Manila out of fears it would be impossible to conduct an impartial trial in the region.

Maguindanao's entire 1,000-person police force also was removed because of concerns about its allegiance to the Ampatuan clan, which has had a lock-hold on the province since 2001. They were replaced by officers and soldiers sent in from other parts of the country, including some who have experience in dealing with Muslim terrorists. While their background may make them less susceptible to intimidation from local militias, it could take time for them to become familiar with the region, complicating the pacification process.

Another key concern is whether authorities can lay the framework for free and fair elections by the time polls are due in May. Soldiers have reported uncovering voter-identification papers and ballots from the properties of the Ampatuan family, deepening suspicions that the family was involved in electoral fraud.

Political analysts say the prospect of a lengthy trial for Andal Amapatuan Jr. and his relatives could help preparations for free elections by undermining their ability to reconsolidate their hold on Maguindanao in the event that members of the family are acquitted.

Suspension of Indonesian officials backed

By Tom Wright

JAKARTA—Aburizal Bakrie, a leading Indonesian politician, said the nation's vice president and finance minister should be suspended from duty if needed to give them time to participate in a special parliamentary enquiry into a $700 million bank bailout last year.

"If (the suspension) is needed, then why not," Mr. Bakrie, chairman of the Golkar Party, which is leading the investigation, told state news agency Antara.

He questioned whether they would have sufficient time to answer the questions of the special parliamentary committee while performing their jobs, Antara said. A spokesman for Mr. Bakrie confirmed the comments. The investigation began Dec. 1 and is expected to last two months.

Vice President Boediono and Finance Minister Sri Mulyani Indrawati have been the subjects in recent weeks of a parliamentary investigation into the bailout of Bank Century in November 2008. Ms. Sri Mulyani oversaw the bailout as finance minister; Mr. Boediono was head of the central bank at the time.

Backers of the probe, led by the Golkar Party, say the bailout was done without legal authority. Ms. Sri Mulyani and Mr. Boediono say the bailout was legal and necessary to stop a run on other banks at the time of global financial weakness. Both deny wrongdoing and say they are willing to cooperate with the investigation.

A spokesman for Mr. Boediono, who was elected as President Susilo Bambang Yudhoyono's running mate earlier this year, said Mr. Boediono had no intention of stepping down as there was no evidence of wrongdoing in the bailout.

"We are concerned that any monetary and economic policy decision-making is now being used by the opposition to make baseless accusations of corrupt actions," said the spokesman, Yopie Hidayat. Ms. Sri Mulyani has also said she has no intention of stepping aside.

Other senior government officials involved in the bailout say the probe was legal and needed to restore confidence among depositors.

This was the first time Mr. Bakrie, one of the nation's most powerful politicians and wealthiest businessmen, has suggested the pair may need to step down during the probe, although other Golkar Party members have called for their suspension.

Mr. Bakrie's comments came after Ms. Sri Mulyani said in an interview with The Wall Street Journal that Mr. Bakrie and the Golkar Party are using the probe to try to unseat her because they don't agree with reforms she has pushed through aimed at rooting out corruption.

Ms. Sri Mulyani said in the interview she believed the probe was an attempt by rival politicians to unseat her because of her efforts to overhaul the country's bureaucracy, including weeding out corruption in the tax and customs departments.

A Golkar Party leader behind the probe said Ms. Sri Mulyani wasn't being targeted.

U.S. envoy says North Korea is open to new talks

By Evan Ramstad

SEOUL—The U.S. envoy to North Korea, fresh from his first trip to the country, said Thursday that he found agreement with officials there on the need to restart the multilateral disarmament process known as the six-party talks, but no firm commitment about when.

"It remains to be seen when and how the DPRK will return to the six-party talks," envoy Stephen Bosworth said at a news conference, referring to North Korea by the initials of its full name, the Democratic People's Republic of Korea.

North Korea pulled out of the six-party talks earlier this year after balking at the disarmament measures it agreed to with the Bush administration and the four other countries in the negotiations: China, Japan, Russia and South Korea.

Later, Pyongyang announced it would discuss the nuclear issue only in one-on-one talks with Washington, leading to the visit that began Tuesday by Mr. Bosworth and a small group of officials from the U.S. state and defense departments.

Mr. Bosworth called his two-day visit "very useful" and described the discussions as "exploratory" rather than a negotiation. The U.S. group, uncertain beforehand who they would be meeting in Pyongyang, held discussions with Kang Suk Ju, North Korea's first deputy foreign minister, and Kim Kye Gwan, the North's chief negotiator to the talks, Mr. Bosworth said.

He said he told the North Koreans that the lack of progress on the denuclearization issue is hindering the advancement of relations between the two countries, which have never had diplomatic ties.

North Korea has at times signaled it won't go further in the denuclearization process until the U.S. agrees to create a peace treaty that would officially end the Korean War of the 1950s, in which the U.S. sided with South Korea. But the U.S. has long said the North's disarmament should come first.

Asked about the North's desire for a peace treaty, Mr. Bosworth told reporters, "Once we have been able to reconvene the six-party talks and begin to gain significant traction on denuclearization, I would expect that we will all be prepared to discuss the evolution or the negotiation of a peace regime for the Korean peninsula."

Mr. Bosworth also scuttled rumors in the South Korean media earlier this week that he carried a letter for the North's dictator Kim Jong Il from U.S. President Barack Obama. "As for a message to the North Koreans from President Obama, in effect, I am the message," he said.

Separately, South Korean officials said Thursday that North Korea agreed to accept 500,000 doses of Tamiflu, a prescription drug, to fight an outbreak of the H1N1 virus. North Korea on Wednesday reported nine people had contracted the flu, the first time it confirmed such cases.

—Jaeyeon Woo contributed to this article.

12 reasons to celebrate World AIDS Day.

Today, thousands of HIV-positive mothers will give birth to HIV-negative babies.

It's all thanks to simple outreach and a short course of antiretrovirals.

We run programs like these for our employees and families in Angola, Nigeria, Indonesia, and other places we work and live.

We're also working with nonprofits like the Global Fund to develop innovative, on-the-ground ways to stop the spread of AIDS.

The most important work is done by the unfunded, unsponsored, and unrecognized millions who help their friends and families through impossibly hard times.

They're showing the world that everyone can make a difference.

And today we have the living, breathing, newborn proof.

chevron.com

Chevron Human Energy®

CHEVRON, the CHEVRON HALLMARK, and HUMAN ENERGY are registered trademarks of Chevron Intellectual Property LLC.
© 2009 Chevron Corporation. All rights reserved.

Five Americans in Pakistan tied to terror groups

By Zahid Hussain

ISLAMABAD—Five young Americans detained in eastern Pakistan had developed contacts with al Qaeda operatives through the Internet and were on their way to North Waziristan to join a militant training camp, said a senior Pakistani intelligence official.

All of them—students in their 20s from northern Virginia—were arrested this week in the garrison town of Sargodha at the house of an activist of Jaish-e-Mohammed, an outlawed Pakistani militant outfit with known links to the Taliban and al Qaeda.

The suspects arrived in Pakistan last month. They are being interrogated by Pakistani intelligence agencies and the U.S. Federal Bureau of Investigation, the intelligence official said.

The intelligence official said information gleaned from their laptop computers and other material recovered from the suspects established their links with the militant network operating from the lawless tribal region bordering Afghanistan.

He said the men came in contact with al Qaeda through its local operatives in Pakistan. Police have also seized some jihadist literature from the house where they were arrested.

Usman Anwar, police chief of Sargodha, told reporters that the men admitted that they had come to Pakistan with the intention of joining jihad.

"We watched them for one and a half days and then arrested them," Mr. Anwar said. Police also arrested an employee of the federal highway department who was identified only by the name Fahim.

A Pakistani security official said the five men were detained Monday. They had flown to Karachi on Nov. 30 and traveled to Lahore on Dec. 5, and then on to Sargodha, he said. Investigations are under way and no charges have been filed against them, he said.

The suspects have no legal representation in Pakistan and couldn't be reached for comment.

Analysts said the latest arrests gave credence to the fears that Pakistan has become the main hub of global al Qaeda, threatening the security of the U.S., Britain and other Western countries. The arrests are likely to fan worries in the West that the sons of immigrants from Muslim countries are being drawn to violent Islamist militancy, a process made easier by the Internet.

Pakistan is home to a number of militant groups waging a violent struggle against the government, mostly in the northwest. They have developed close links with al Qaeda.

Two of the men arrested were of Pakistani origin while the other three have origins in Egypt, Eritrea and Ethiopia. They are all naturalized Americans.

Analysts said the arrests showed how the appeal of al Qaeda has penetrated some young Muslims in America and other Western countries.

"Al Qaeda is very successful in recruiting in the Muslim diaspora particularly among Pakistanis," said Raffat Hussain, a professor in the department of strategic studies at Quad-e-Azam University in Islamabad. "Its target is the young generation which feels alienated by the perceived repression of Muslims across the world."

West urges Afghan vote delay

Backers fear another troublesome campaign will undermine coalition's counterinsurgency effort

By Yaroslav Trofimov

KABUL—Afghanistan's Western backers increasingly favor postponing the nation's parliamentary election, scheduled for May, fearing that another traumatic—and potentially fraud-marred—campaign will undermine the coalition's counterinsurgency strategy and create a new round of political turmoil.

The decision on when to hold the parliamentary poll rests with President Hamid Karzai's administration and the Independent Election Commission he has appointed. However, the U.S. and its allies have a crucial say: holding the vote will be virtually impossible without international funding and the security assistance provided by U.S.-led coalition forces.

Afghanistan's presidential election in August ended up undermining Western efforts to stabilize the country: Almost a million votes cast for Mr. Karzai were thrown out as fraudulent, and his challenger, Abdullah Abdullah, refused to participate in the runoff, accusing election officials of bias in favor of the incumbent. Parliamentary elections, with hundreds of candidates, are likely to be even more contentious.

"The question now is—should we go first for reforms, or carry on with another election that will probably turn out to be even more problematic than the presidential one?" a senior Western diplomat said. "And can we afford to divert troops to provide security for the election instead of conducting operations?"

Mr. Karzai, in his inauguration speech last month, said Afghanistan will hold both the parliamentary vote and the elections for district councils next year, "in order to strengthen the supervision of government decisions as an everlasting principle in the country." To conduct parliamentary elections by May, as required by Afghanistan's constitution, the electoral process must kick off in about two weeks.

While preparations for district council elections have been delayed, in part because district boundaries have yet to be drawn up, Afghan election authorities are working hard to meet the deadline for the parliament vote, said Daud Najafi, the chief of the IEC secretariat.

The IEC, he said, has drafted a $120 million budget, to be funded almost entirely by the international community. "We are prepared to proceed—but from the donor side, we have not received any clear indications," Mr. Najafi said. In part, he added, that is because many United Nations election staff left the country, along with hundreds of other U.N. personnel, following a Taliban attack on a U.N. guesthouse in Kabul in October.

U.N. officials say some U.N. election personnel are still deployed in Kabul. However, the U.N.'s chief representative here, Norwegian diplomat Kai Eide, is among those most perplexed by the idea of holding a parliamentary vote in May, diplomats say.

The U.N. Security Council so far hasn't given the U.N. mission the go-ahead to prepare for the parliamentary elections. The discussions among the U.S., European nations and other partners about postponing the Afghan vote are still in a preliminary stage, with the broad consensus emerging that the May date is unrealistic, diplomats say.

The minimum delay, if it occurs, is likely to be until August 2010. Many Western diplomats, however, favor pushing the parliamentary vote until mid-2011, when a military surge recently ordered by U.S. President Barack Obama is expected to produce a more secure environment in areas of southern and eastern Afghanistan where the Taliban managed to disrupt the voting last August.

This, however, would present a constitutional problem as the country will remain without a valid legislature for more than a year. Countries such as Russia, India and Turkey have privately indicated that they oppose such a long delay, a Western diplomat involved in the negotiations said. How to proceed with the election is likely to become a key issue at the international conference on Afghanistan scheduled for January in London. A U.S. Embassy spokesman in Kabul, John Groch, said that "the entire nature and timing of the election is an Afghan matter."

Some Afghan parliamentarians say that, despite the challenges, the vote must be held on time—if only to keep Mr. Karzai's power in check. "I can understand the international agenda, which has counterinsurgency as its top priority," said Afghan lawmaker Shukria Barakzai. "But, as a young democracy, we need an election. The parliament's term is over, and we need it to be able to act as a strong institution."

However, Dr. Abdullah—who has positioned himself as the leader of political opposition to Mr. Karzai—said in an interview that he opposes holding the parliament vote before revamping the IEC and ensuring the election's fairness.

"My preference is the constitutional framework, but the issue of reform is the basic condition. It is a must as far as participation in the election is concerned," Dr. Abdullah said. "This debate has to be started urgently."

WSJ.com

Online today: Follow day-by-day events in Afghanistan and track coalition casualties at **asia.WSJ.com**.

India agrees to push for new state

By Vibhuti Agarwal

NEW DELHI—The Indian government agreed to carve a separate state out of the southern Indian province of Andhra Pradesh, which includes the information-technology capital of Hyderabad, following days of violent protests.

The government's decision, which could spur social unrest and separatist demands in other regions, prompted 83 of Andhra Pradesh's 295 legislators to say they would resign in protest.

Hyderabad has been hit by protests from supporters of K. Chandrashekar Rao, who heads the Telangana Rashtra Samithi political party dedicated to establishing a separate state for the Telangana region of Andhra Pradesh, which includes Hyderabad. Mr. Rao had been on a hunger strike to force the national government to support statehood for Telangana.

Late Wednesday, Home Minister P. Chidambaram, announced an "appropriate resolution" for a separate Telangana state would be put forth in the Andhra Pradesh assembly soon.

"The aim is to bring an end to the agitation," Mr. Chidambaram said in the national Parliament Thursday. "The process of Telangana would be initiated soon," he added, but he didn't give a time frame. Mr. Rao has called off his fast.

It was unclear whether the Andhra Pradesh legislators' resignations would be accepted. The speaker of the local assembly said they wouldn't.

With the assembly in limbo, it was unclear how the effort to create a new state would move forward. A key battle will likely be whether the new state includes Hyderabad, a prospering city of four million and current capital of Andhra Pradesh.

Reuters

Supporters of India's opposition Bharatiya Janata Party celebrate a government decision on statehood, in Hyderabad Thursday.

"Andhra Pradesh has become a laughing stock," said N. Chandrababu Naidu, former chief minister of Andhra Pradesh and leader of the opposition Telugu Desam Party, said outside the state assembly. Mr. Naidu said the credibility of the capital city Hyderabad was at stake. "Nobody will invest in Hyderabad."

Supporters of the Telangana party met Prime Minister Manmohan Singh and Sonia Gandhi, leader of the ruling Congress party, Thursday to discuss details for forming a new state. Mr. Chidambaram also invited Mr. Rao to New Delhi for talks with the central government.

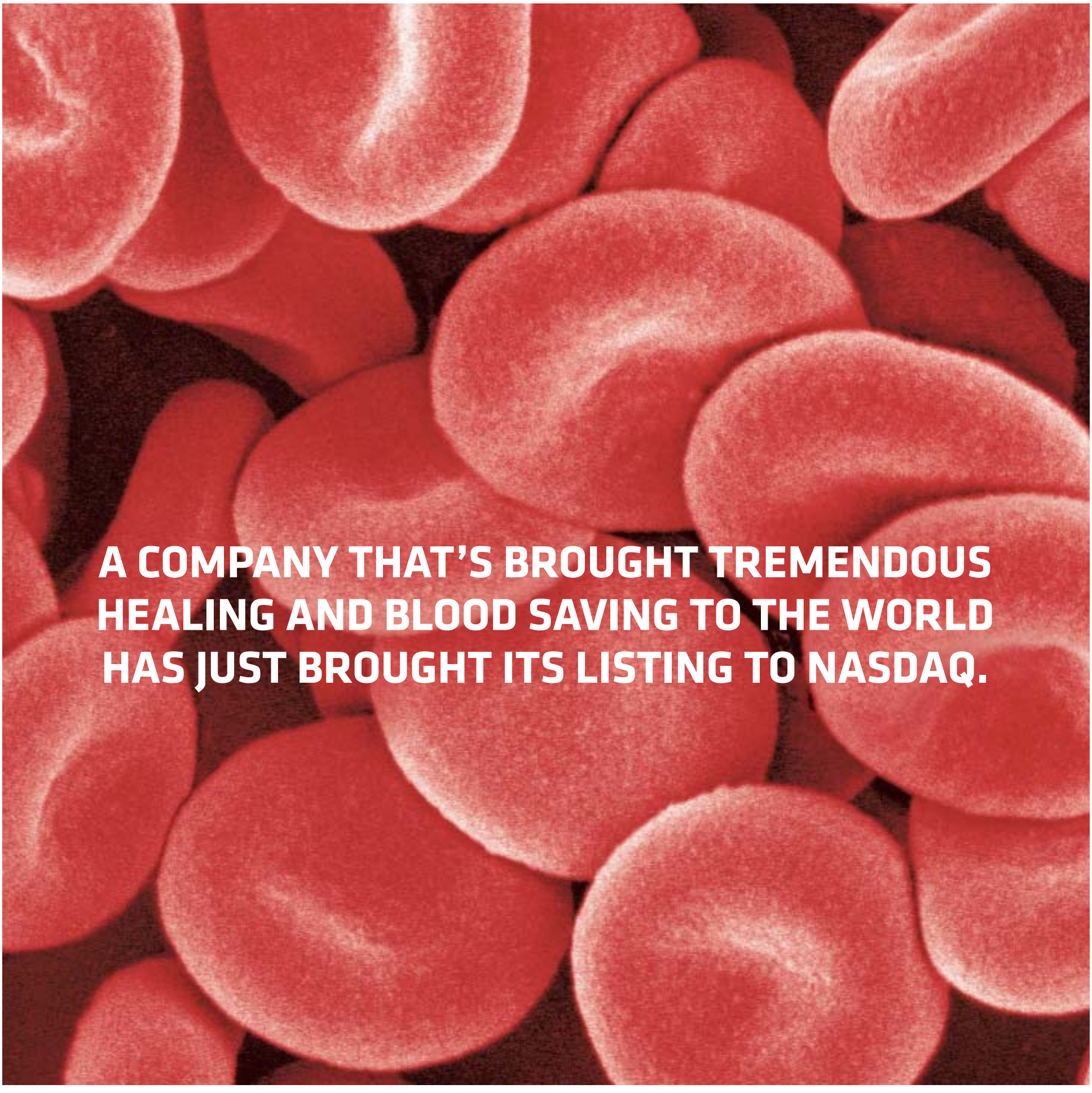
While welcoming the government's assurance for a separate state, Mr. Rao's son—K.T. Rama Rao—said the "real effort" was to introduce a bill in the Indian Parliament. He also put forward the party's demand of not accepting Telangana without the inclusion of Hyderabad. "No Telangana without Hyderabad," he said.

A resolution for a separate state had been expected to be introduced in the Andhra Pradesh assembly Thursday. But the turmoil in the assembly prevented it. Andhra Pradesh Chief Minister K. Rosaiah said on television that no bill would be put forward unless there is "consensus."

If the state assembly approves a statehood resolution, a bill for the formation of a new state would then be placed in the national parliament by the federal government. The parliament needs to pass the bill by a two-thirds majority and have the president's approval before the creation of the new state.

The Telangana region is spread over 10 of the 23 districts that make up Andhra Pradesh. Supporters of Telangana argue the region has been neglected by the government, with high poverty and unemployment.

The formation of a Telangana state would take the total tally of Indian states to 29.



NASDAQ is now home to China Nuokang Bio-Pharmaceutical Inc. Dedicated to the prevention of blood loss and the promotion of faster healing after surgery, Nuokang is a leading researcher, developer, manufacturer and marketer of hematological and cardiovascular products. Responsible for the #1 hemocoagulase (blood clotting agent) in China, the founders of Nuokang are innovators and entrepreneurs of the highest order. No wonder it's the latest global company, and the 120th from China, to list on the one global exchange dedicated to moving life forward – NASDAQ, the most technologically advanced exchange on the planet.

NUOKANG BIOPHARMA 诺康生物

NKBP NASDAQ LISTED

Neither The NASDAQ OMX Group, Inc. nor any of its affiliates (collectively "NASDAQ OMX") makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Investors should undertake their own due diligence and carefully evaluate companies before investing. © 2009. The NASDAQ OMX Group, Inc. All Rights Reserved.

Reuters

Elena Brijatiouk, an unemployed research scientist, speaks with a recruiter at a job fair in New York City this week.

Action urged on jobs

U.S. government should do more, say majority of economists in survey

By Phil Izzo

The U.S. government should do more to help businesses create jobs amid a continuing bleak outlook for the labor market, according to the majority of economists in the latest Wall Street Journal forecasting survey.

Twenty-seven of the 51 economists, not all of whom answered every question, said the government should pursue policies that encourage hiring, though they were divided on what actions lawmakers should take. Sixteen economists backed some form of tax cut or credit, while eight called for more aid to state and local governments. The rest were split among other options.

"The cost of joblessness is huge, both economically and societally," said Allen Sinai of Decision Economics.

The survey was conducted prior to President Barack Obama's speech this week, when he outlined a broad plan for jobs creation. His proposals include putting an additional $50 billion toward infrastructure spending, ramping up Treasury Department lending to small businesses through the Troubled Asset Relief Program, a hiring tax credit, extending tax credits for business investment and offering state and local governments a fresh lifeline.

Though most of the surveyed economists supported government intervention, a sizable number said lawmakers shouldn't do anything more to stimulate the jobs market. "There are no silver bullets and we would probably all do better if the repaid and unused TARP funds were used to minimize the deficit and hold interest on the debt down," said Diane Swonk of Mesirow Financial.

Indeed, 14 economists echoed Republican complaints that the Obama administration's agenda is creating an atmosphere of uncertainty that is keeping companies from hiring.

"Uncertainty on health and climate taxes far outweighs any proposed policies," said Stephen Stanley of RBS.

The economists may be divided on the government's role in spurring hiring, but there is broad agreement that there is a slow recovery for the jobs market. Just four respondents expected the unemployment rate to drop below 9% by December of next year, and the average forecast remained at 9.6% despite a much better than expected Commerce Department report on employment in November that showed a decline in the jobless rate to 10%.

The economists, on average, expect the economy to start adding about 100,000 jobs a month over the next year, but that figure, which basically represents the number of jobs that need to be created in order to make up for new entrants into the work force, won't do much to bring down the unemployment rate.

Though the jobless rate has surpassed even some of the most pessimistic forecasts from earlier this year, the economists said it would have been worse without the $787 billion stimulus package. On average, respondents said that without government intervention, the unemployment rate would have been at 10.5% in November and the package added 1.3 percentage points to the 2.8% seasonally adjusted annualized rate of growth recorded in the third quarter. The stimulus is seen adding 1.1 percentage points to growth in the fourth quarter.

U.S. trade deficit narrows

By Luca Di Leo And Jeff Bater

The U.S. trade deficit narrowed unexpectedly in October as the rise in exports of goods such as cars was slightly higher than the increase in imports.

The $32.94 billion figure, representing the U.S. deficit in international trade of goods and services, is 7.6% lower than the downwardly revised $35.65 billion trade gap that the U.S. ran in September, the Commerce Department reported Thursday.

Separately, the number of U.S. workers filing new claims for jobless benefits rose more than economists expected last week, the Labor Department said in its weekly report Thursday. Total claims lasting more than one week fell.

Economists surveyed by Dow Jones Newswires had expected the October trade deficit would widen to $37.0 billion. The September trade gap was originally estimated to be $36.5 billion.

The real, or inflation-adjusted deficit, used by economists to measure the impact of trade on gross domestic product, fell to $38.0 billion in October from a downwardly revised $41.49 billion in September.

Thursday's report showed U.S. exports in October rose 2.6% to $136.84 billion, the highest level in nearly a year, from $133.38 billion the previous month.

Imports rose by just 0.4% to $169.78 billion from $169.03 billion in September, but that was still the highest level in U.S. imports since December 2008.

On the jobs front, initial claims for jobless benefits rose by 17,000 to 474,000 in the week ended Dec. 5. The previous week's level was unrevised at 457,000.

Economists surveyed by Dow Jones Newswires expected an increase of 8,000 initial claims.

The number of continuing claims—those drawn by workers for more than one week in the week ended Nov. 28—fell by 303,000 to 5,157,000 from the preceding week's revised level of 5,460,000.

Obama defends war, accepts peace prize

By Elizabeth Williamson

OSLO—President Barack Obama accepted the Nobel Peace Prize Thursday, defending his ability to seek peace while fighting two wars abroad.

"We must begin by acknowledging the hard truth that we will not eradicate violent conflict in our lifetimes. There will be times when nations—acting individually or in concert—will find the use of force not only necessary but morally justified," he said.

While espousing the moral standard of nonviolence as practiced by 1964 Nobel laureate Martin Luther King, Jr., Mr. Obama described its limits.

"As a head of state sworn to protect and defend my nation, I cannot be guided by their examples alone," he said, speaking in the cavernous marble Oslo City Hall.

"I face the world as it is, and cannot stand idle in the face of threats to the American people. For make no mistake: Evil does exist in the world. A nonviolent movement could not have halted Hitler's armies. Negotiations cannot convince al Qaeda's leaders to lay down their arms. To say that force is sometimes necessary is not a call to cynicism—it is a recognition of history; the imperfections of man and the limits of reason."

Underscoring the difficulty inherent in accepting the world's highest honor for peacemaking while at war, Mr. Obama told reporters Thursday before accepting the prize that U.S. withdrawal of troops from Afghanistan beginning in July 2011 wouldn't be steep, but gradual. He stressed that the U.S. would maintain a presence in Afghanistan, likely for years to come.

The pace, scope and tactics of a withdrawal, he said, "are all going to be conditions-based...it's very important to understand we're not going to see some sharp cliff," meaning a rapid reduction in forces, he said during a news conference with Norwegian Prime Minister Jens Stoltenberg.

The Afghan government "is still going to need our support" so that 2011 "will signal a shift in our mission."

In presenting the prize, Nobel Committee Chair Thorbjorn Jagland justified the selection of Mr. Obama, saying that over its century-long history the prize has gone to those who have spent their lives struggling for peace, as well as those who display world leadership toward that goal.

"Who has done most for peace in the past year? If the question is put in Nobel's terms...it had to be U.S. President Barack Obama," Mr. Jagland said. "Political leaders must be able to think beyond the confines of realpolitik."

In awarding Mr. Obama the prize in October, the committee praised his expressed commitment to nuclear disarmament. The committee recognized what it said was Mr. Obama's advocacy for "a global response to global challenges," and efforts to enhance communication with other nations and the Muslim world.

Bank of England keeps interest rate at 0.5%

By Natasha Brereton And Martin Gelnar

LONDON—The Bank of England held rates steady at 0.5% Thursday and maintained its current level of stimulus, awaiting confirmation that the British economy is finally emerging from recession.

Also Thursday, Iceland's central bank trimmed its key interest rate to 10% from 11%. Switzerland's central bank left its rate unchanged at 0.25% but took its first tentative step toward tightening monetary policy.

The Bank of England's monetary policy committee, as expected by many economists, held the key interest rate at 0.5% for a tenth consecutive month. The committee also met expectations by keeping the £200 billion ($325.14 billion) target for its policy of buying bonds with freshly created central bank money.

The focus now turns to February, when the Bank of England will update its forecasts for growth and inflation. The monetary policy committee could act before then, possibly to make its existing measures more effective.

In announcing the decision, the bank said only that its planned bond purchases are likely to take another two months to complete and that it would keep the amount of stimulus under review.

The Swiss National Bank adopted a more upbeat view on economic growth, saying it would phase out purchases of bonds issued by private-sector borrowers—one of several liquidity-boosting measures it started this year.

The SNB said it expected the Swiss economy to grow between 0.5% to 1% next year, following a contraction of 1.5% this year. Its figures were changed from a previous estimate of a contraction of 1.5% to 2% this year.

It also changed the wording on its foreign-exchange intervention strategy. The SNB renewed a pledge to buy euros against the Swiss franc but said such measures would be taken only to prevent "an excessive" strengthening of the Swiss franc. Previously, the SNB said it would become active to prevent "an appreciation" against the euro.

In hard-hit Iceland, the central bank cut its key policy rate by a full percentage point for the second straight month. It said it may keep reducing the rate if inflation continues to fall and the Icelandic krona stays relatively stable.

The central bank said the Icelandic krona has remained broadly stable since its last policy meeting, and it hasn't needed to intervene to support the currency since early November.

Also Thursday, the European Central Bank predicted that continued fears about unemployment and the broader economy will prompt households to save more than they did before the financial crisis.

—Anna Molin in Stockholm and Roman Kessler contributed to this article.

WORLD NEWS

Oil states uneasy about Copenhagen

Deal on climate change could mean key emerging markets cut future crude demand, ending a driving force of growth

By Spencer Swartz

With some of the world's fastest-growing oil consumers under pressure to cut carbon emissions, big petroleum-producing states are beginning to fret over a long-term drop in crude-oil revenue.

For years, oil-producing states have worried about rich nations such as the U.S. cutting back on energy consumption through conservation or turning to nonoil alternatives such as ethanol and other biofuels.

But Saudi Arabia and other big Gulf states now fear that emerging markets like China—the biggest driver behind the growth in world oil consumption—may also cut crude demand as dozens of countries converge in Copenhagen to try to hammer out a global pact to reduce carbon emissions.

Those fears and the potential impact on future government revenue could erode Gulf Arab states' support for any deal in Copenhagen, Gulf officials said.

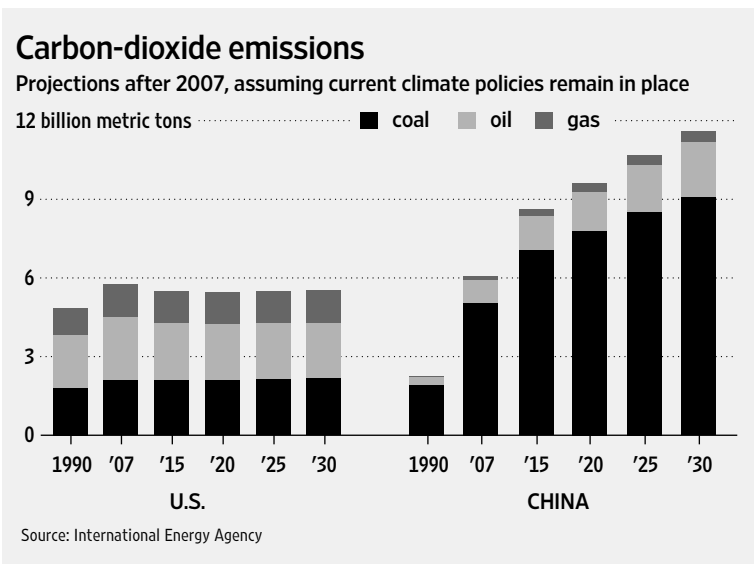
Senior officials from the Organization of Petroleum Exporting Countries, which includes a handful of Gulf states, are expected to attend the second half of the Copenhagen meeting next week. These officials include the oil cartel's secretary-general, Abdalla Salem El-Badri, who is expected to make a presentation, and some oil ministers from OPEC member states.

In effect, the recent pledges of major nations to reduce "carbon intensity" equate to commitments by these fast-growing economies to make their factories, power plants and cars dramatically more efficient.

China and India recently announced plans to reduce the energy intensity, or the amount of carbon-dioxide emissions per unit of gross domestic product, of their economies over the next decade. China, which increased vehicle fuel-efficiency standards in recent years, wants to cut its carbon intensity by as much as 45% from 2005 levels by 2020 while India has targeted a reduction of as much as 25% from 2005 levels over the next decade.

On Wednesday, Malaysia, a relatively small oil consumer, announced plans to sharply reduce its carbon intensity over the next decade. "We hope to achieve the same target set out by China," Energy, Green Technology and Water Minister Peter Chin Kah Fui said.

China and India will continue to account for the bulk of the growth in world oil demand, analysts say, but the governments' plans highlight a desire to grow their economies by using fossil fuels more efficiently through measures such as improving vehicle fuel efficiency and cutting energy subsidies that encourage wasteful consumption.



Amy Myers Jaffe, a senior fellow in energy studies at Rice University's Baker Institute, estimates that 4.5 million barrels a day of Chinese oil demand alone may not materialize over the next two decades if the country makes big inroads on improving energy efficiency and using more alternative energy resources.

To Saudi Arabia, the world's biggest oil exporter, that could squeeze trillions from the kingdom's future oil revenue, said Mohammad Al Sabban, the chief Saudi negotiator on climate-change issues.

Saudi Arabia estimates that OPEC, of which the kingdom is the biggest member, stands to lose at least $6 trillion in oil revenue over the next two decades if an effective Copenhagen deal takes effect, Mr. Al Sabban said. Those figures could be higher depending on "whether these policies (to reduce oil demand) continue to be selective and bias against oil products."

Analysts say such estimates may be overblown, but could still hurt future investment in crude production capacity in Saudi Arabia and other Gulf oil states.

"If we think demand is not going to be there, why should we invest huge amounts of our money?" asked a senior official from a Gulf oil-producing state.

The official added that Gulf states' support for a Copenhagen deal could also be withheld if they aren't assured billions of dollars in financial compensation. "We will protect our interests, like everyone else," the official said.

Some analysts say China's recent announcement to increase energy efficiency doesn't represent much of a change from existing policy and is more of a rhetorical bow to industrialized nations.

China has already, for example, been reducing costly energy price subsidies to encourage more prudent consumption. Analysts also said developed nations like the U.S. will want to verify that China is actually fulfilling its voluntary commitments.

—Elffie Chew in Kuala Lumpur contributed to this article.

IN BRIEF

China tops gold-medal tally as East Asian Games near end

Reuters

South Korea's Lim Eun-ji competes in the women's pole vault final on Thursday in the East Asian Games in Hong Kong. She won the event. With three days to go, China leads in gold medals with 55, Japan has 35, and South Korea has 28.

South Korea sends signal rates may rise before long

SEOUL—The Bank of Korea held policy steady Thursday as expected but signaled it may raise interest rates earlier than expected next year to remove some of the monetary stimulus that has helped power a rapid economic recovery.

The central bank, in a statement accompanying the decision to keep its benchmark interest rate at a record low 2% for a 10th straight month, said it will maintain its accommodative stance for now.

But Governor Lee Seongtae said the current rate is "too low" for an economy that's expected to gain momentum into next year and that the BOK must act pre-emptively, warning that moving too late could risk derailing the economic recovery. "We need to move closer to the door for a timely exit," he added.

Strong jobs data in Australia propel nation's economy

SYDNEY—Australia's unemployment rate fell and the number of employed jumped in November, lifting expectations that the Reserve Bank of Australia will keep raising interest rates when it next meets in February.

The strong jobs figures are the latest evidence that Australia's economy continues to outperform other developed economies as it rides a wave of demand from Asia for its commodities while still-low interest rates and government stimulus support domestic consumption.

But the figures will worry the central bank and companies with large developments on the drawing board. The country's jobless rate fell to 5.7% from 5.8%, beating expectations, which had centered on 5.9%.

New Zealand central bank hints at tightening in 2010

WELLINGTON—New Zealand's central bank Thursday kept the official cash rate at a record low 2.50% but surprised markets when it said it might raise rates sooner than previously indicated as the economy recovers.

"If the economy continues to recover, conditions may support beginning to remove monetary stimulus around the middle of 2010," Reserve Bank of New Zealand Governor Alan Bollard said in the December Monetary Policy Statement.

The governor previously said the rate would stay low until the second half of 2010. Now, some economists project an increase in March or April.

Japanese machinery orders dropped 4.5% in October

TOKYO—Japanese core machinery orders fell 4.5% in October from the previous month, as nonmanufacturers scaled back spending, the Cabinet Office said Thursday.

The fall was slightly worse than the 4.2% drop expected by economists surveyed by Dow Jones Newswires and the Nikkei.

The drop stems in part from entrenched deflation, which continued to eat into firms' bottom lines by pushing up real borrowing costs and eroding pricing power, analysts said.

Orders remained sharply lower on the year, down 21.0% compared with October 2008. The sluggishness came despite a 10.5% jump in orders in September.

—Compiled from staff and wire service reports.

TECHNOLOGY

Google alters its Korean home page

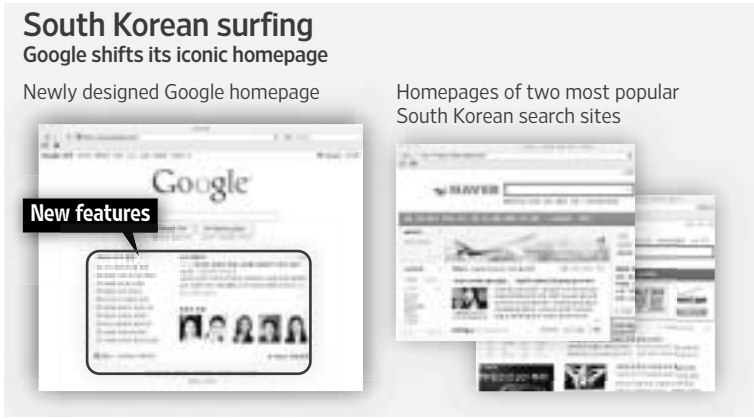
News and links to popular topics and blogs are added; effort seeks to gain market share by appealing more to locals

By Evan Ramstad

SEOUL—**Google** Inc. this week changed the simple look of its homepage in South Korea, adding blocks of links under the main search box about topics and news that are popular with Korean Internet users.

Google is altering its iconic appearance of its home page to adapt to local market conditions, said Ted Cho, engineering site director for Google's Korea unit. "I think the whole company is watching," Mr. Cho said. The changes are bigger than those Google has made for other local audiences.

While Google is the leading search engine and Web service provider in the U.S. and much of the world, the company in South Korea significantly trails two domestic Web portals in usage.



The two Korean companies—**NHN** Corp. and **Daum Communications** Inc.—present users with homepages that look more like those of media outlets than a search engine. They include the latest news, photos, videos and updated lists of highly trafficked blogs and popular online chat sites.

Mr. Cho said that he has often heard from South Koreans that they don't know what to do with a search engine that just provides a blank page and search box. "They visit these portals to find information about what's going on and what everyone is talking about," he said. "Then they start a search."

In November, NHN's Naver site led the market with 66% of search queries, according to KoreanClick, an Internet-industry research firm in South Korea. Daum was next with 21%, followed by SK Telecom Inc.'s Nate portal at 6%, **Yahoo** Inc.'s Korea site at 3% and Google at 2%.

The success of Naver and Daum is rooted in the homogeneity and density of South Korea, which is the size of a midsize U.S. state such as Indiana but with roughly the same number of people as California and Texas, the two most populous U.S. states, combined. South Koreans tend to be interested in the same things and it shows in Internet search requests.

Both Naver and Daum keep users captive for a longer period than Google or Yahoo by creating vast databases of popular content and linking to them first. For instance, a search for information about lung cancer on Naver or Daum will first yield results from articles the sites have acquired or commissioned from Korean doctors or hospitals.

By contrast, a Google search yields results from the broader Web based ranked by their popularity of usage. Mr. Cho said that wouldn't change in South Korea.

Google found that, on any given day in South Korea, the top 10,000 search items account for 40% to 50% of all requests, more than twice the rate of any other country.

After the revision, Google's Korea homepage now has the top-ranked Korean news items, a rotating view of popular Korean blogs and pictures of "hot people" that reflect Internet inquiries about Korean personalities. On Thursday afternoon, the lead news item was about the diminishing number of cases of swine flu in the country.

The company also changed the search-results page it delivers to South Korea users to, in addition to Web sites that fit the inquiry, also deliver Korean blogs and reference materials, including some hosted by its rivals in the portal business.

Mr. Cho says Google's desire for simplicity did challenge the Korean division as it made the changes. But he added, "Google as a company really believes in building the best user experience for the market."

Panasonic gets a majority stake in Sanyo

By Yuzo Yamaguchi

TOKYO—**Panasonic** Corp., completing a tender offer, said it will have a majority stake in **Sanyo Electric** Co., having paid about $4.6 billion to secure its position as a leading provider of batteries for fuel-efficient cars.

The Osaka-based consumer electronics giant said it is acquiring 50.19% of Sanyo for ¥403.78 billion (about $4.6 billion). The tender offer, in the pipeline for nearly a year, expired Dec. 9 and will be settled Dec. 16.

While the offer price of ¥131 is well below the stock's current level, that price was set late last year after Sanyo's three main institutional shareholders— **Goldman Sachs Group** Inc., **Sumitomo Mitsui Banking** Corp. and **Daiwa Securities SMBC** Co.— agreed to accept what was a 4% discount to the stock price at that time.

The battery businesses at Panasonic and Sanyo generated a combined ¥745.8 billion in revenue, or about 8% of their joint sales, in the last fiscal year.

Keep pace with the world.
Tap into China's opportunities with our RMB services.

For over 140 years, HSBC has been at the forefront of Asia's growth. Now we're leading the way again with RMB trade settlement services that are helping businesses across the region grasp new opportunities in the vibrant China market. HSBC has become the first international bank to conduct RMB denominated trade settlements in Hong Kong and across all its ASEAN sites under the RMB trade settlement pilot scheme. And to further support our customers with corporate and personal needs in renminbi, we also offer a wide range of RMB services in Hong Kong, including RMB deposits, exchange, remittance, trade services and bonds. At HSBC, we're committed to delivering services that help you keep pace with the world wherever you are.

For more information, please visit www.hsbc.com or contact any local HSBC office.

HSBC
The world's local bank

Issued by various HSBC Group members which are regulated in jurisdictions where permitted, including The Hongkong and Shanghai Banking Corporation Limited, incorporated in the Hong Kong Special Administrative Region with limited liability, in Hong Kong SAR, Brunei, Indonesia, Macau SAR, the Philippines, and Thailand, HSBC Bank Malaysia Berhad (Company No. 127776-V) in Malaysia and HSBC Bank (Vietnam) Ltd. in Vietnam. HSBC Bank (China) Company Limited in China is one of HSBC Group members. Offer of certain products and services, benefits and features may be subject to local availability and/or local regulatory restrictions.

Apple plots reboot of iTunes for Web

Key vehicle for move is music-streaming service La La Media that lets customers access purchases from anywhere

By Ethan Smith And Yukari Iwatani Kane

Apple Inc., the company that restructured the music industry around its iTunes service, is exploring an overhaul of the way it sells and stores music that is aimed at extending its influence to the Web, according to people briefed on the strategy.

The key vehicle for the move is Apple's newly acquired music-streaming service La La Media Inc. for which Apple paid $85 million, according to people familiar with the matter. Where Apple's iTunes requires users to download music onto a specific computer, Lala.com lets users buy and listen to music through a Web browser, meaning its customers can access purchases from anywhere, as long as they are connected to the Internet.

Apple is considering adopting that same model for songs sold on iTunes, a change that would give consumers more ways to access and manage their iTunes purchases—and wouldn't require them to download Apple's software or their purchases.

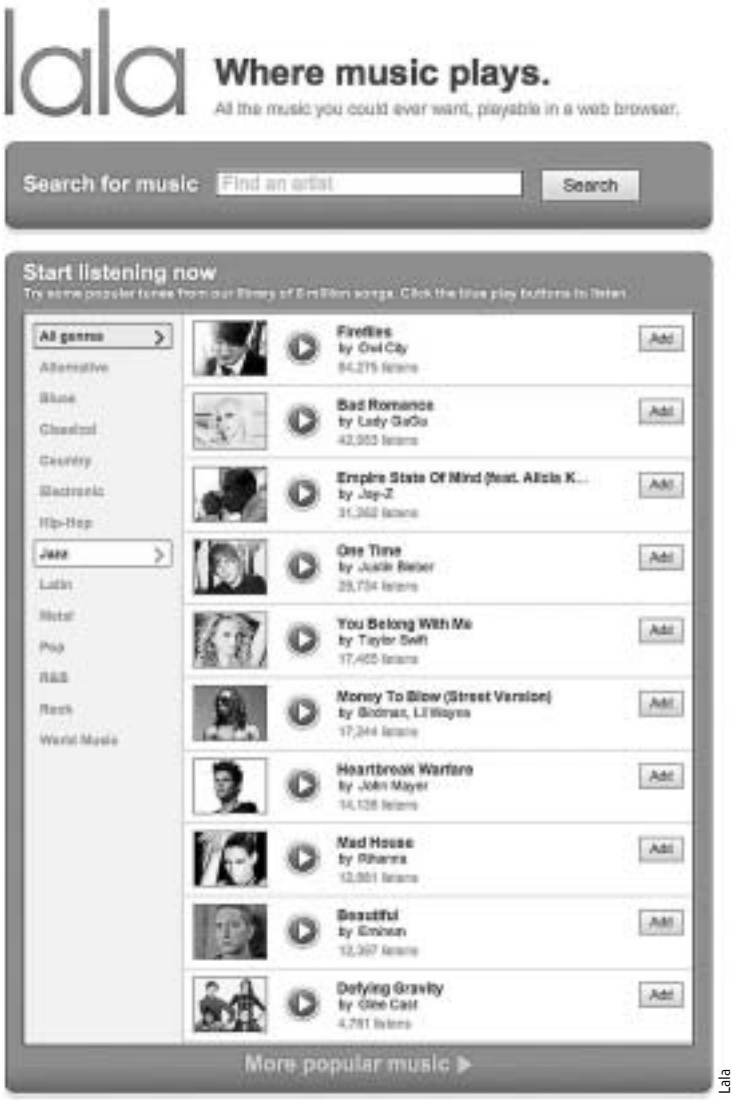
That new business model extends Apple's grip on the music business, giving it the ability to sell music through search engines and other Web sites and broaden its reach beyond people who come to its virtual store.

Record company executives were still digesting the proposed changes and didn't want to discuss them publicly. Privately, they said they are optimistic about the prospect of consumers being able to buy music from more Web sites, but cautious about any development that would add to Apple's already significant power.

As part of the move, Lala executives have been given key positions helping shape music strategy for the iTunes Store, and some iTunes executives would report to them. "It's our understanding that the Lala guys are going to be in very significant roles," says one person who has been briefed on Apple's plans.

Some people familiar with Apple's thinking cautioned the changes are in the early planning stages and could still be altered. But if the plans do go forward, these people said, Apple could start implementing them as soon as next year.

"Apple buys smaller technology companies from time to time and we generally do not comment on our purpose or plans," said Apple spokesman Steve Dowling.



Lala

For consumers, such changes could make it far easier to manage and access large libraries of music, which need to be stored, maintained and backed up on computer hard drives and portable devices.

Apple, which last year surpassed Wal-Mart Stores Inc. as the biggest music seller, will generate about $2 billion in iTunes revenue this year, estimates Piper Jaffray & Co. That's about 20% higher than last year, the brokerage firm estimates, but growth has slowed over the past several years as most people now own iPods or iPhones and it is adding fewer new users.

ITunes is also facing pressure from competing services that allow users to listen to "streaming" music either cheaply or free on computers or portable, Internet-connected devices like the iPhone or iPod touch. Streaming has been at the heart of Lala's strategy for the past two years, in the form of what the site calls "Web songs," which cost 10 cents and are accessed via a Web browser.

For several months, Lala has been field testing a version of its service that works on the iPhone or iPod touch. The company has told people in the music industry that test users spent at least as much money every month, on average, buying the service's 10-cent Web songs as iTunes users do paying for full-priced downloads.

Even before the acquisition closed Friday, Lala Chairman Bill Nguyen and Eddy Cue, Apple's vice president for Internet services, began making joint calls to various business partners, including record-label groups, discussing possibilities for the music service's future.

The proposed changes would represent a fundamental redefinition of what it means to own a song, movie or other piece of media—shifting the emphasis from possession of a physical disc or digital file to the right to access content.

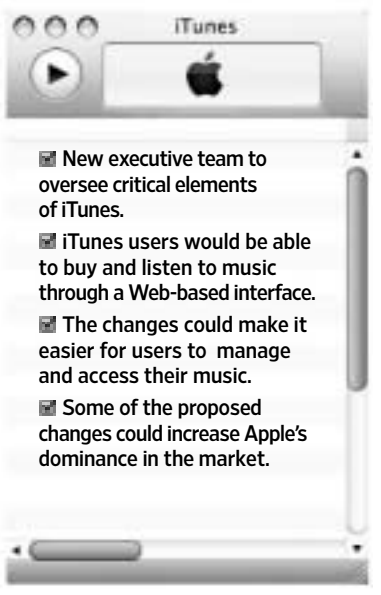
Certain legal issues remain hazy: If music becomes a virtual product, it isn't clear how Apple might be able to guarantee a buyer would retain access to a song in perpetuity if, for instance, a new owner gained control of a record label's catalog and changed the terms of its deal with the retailer.

Thorny issues have already arisen around media sold as virtual goods. Amazon.com Inc. in June outraged consumers when it deleted two books by George Orwell from its Kindle electronic readers after a rights dispute with their publisher.

Lala has partnerships that allow it to sell songs from links embedded on sites as major as Google Inc. and as specialized as the indie-music site Pitchfork Media. Adopting that strategy would represent a major departure for Apple, which has always relied on what is known as a walled-garden approach in which its machines run on proprietary software. But that closed-system approach has limited its sales reach to people who deliberately log in to its online store.

Apple has revisited its iTunes strategy from time to time and had discussed the impact of streaming music services like Lala and Pandora Inc. in the past, but it believed that people want to own their music, according to a person familiar with Apple's thinking.

The shift could reopen an uncomfortable topic between Apple and the music industry. Record-label executives were relieved in 2003 when Apple launched what was then called the iTunes Music Store, which appeared to be a virtual lifeline in a growing sea of illegally downloaded songs. But they have since also become frustrated that the service's dominance of the market has made it into a gatekeeper with what they view as undue sway.


iTunes
New executive team to oversee critical elements of iTunes.
iTunes users would be able to buy and listen to music through a Web-based interface.
The changes could make it easier for users to manage and access their music.
Some of the proposed changes could increase Apple's dominance in the market.

In addition to selling music, Lala's software also scans a user's existing music library and matches its contents with songs on its own servers, then gives the user access to that music via a Web browser. That approach, known in technology circles as cloud computing, could also be part of a revamped, Web-based iTunes, according to the people with knowledge of the talks.

It is also possible that Apple would use Lala's streaming technology as the basis for a subscription service, for which users would pay a flat rate in exchange for unlimited access to music. Such offerings already exist but have never gained much traction with users, mainly because most don't work with iPods or iPhones.

Titan's iPhone sales pick up in China

By Aaron Back

BEIJING—Sales of iPhones in China appear to have picked up after a sluggish start, with **Apple** Inc.'s Chinese partner saying it has sold more than 100,000 of the smart phones since its official launch Oct. 30.

The sales figure, reported by **China Unicom (Hong Kong)** Ltd. on Thursday, still puts iPhone sales in China—the world's largest wireless market by subscribers—well behind other big markets. In the U.S., Apple sold 270,000 iPhones in the first 30 hours after it first went on sale there in 2007.

Thursday's number suggests a pickup from the device's first days in China. Unicom said Nov. 3 it had sold about 5,000 iPhones since the launch four days earlier. Still, some analysts said Thursday's number was underwhelming.

"IPhone sales have been disappointing," said Paul Wuh, an analyst covering China Unicom for Samsung Securities. "For China Unicom, with 144 million subscribers, 100,000 iPhone users aren't going to do anything for their revenue."

One factor holding the iPhone back in China is its relatively high price. Apple and Unicom charge $730 to $1,020 for the iPhone, not including discounts on service, making it more expensive than "gray market" iPhones brought into the country through such places as Hong Kong. There are up to two million such gray market iPhones in China, Mr. Wuh estimates. In addition, the Wi-Fi Internet function is disabled on Unicom's iPhones to comply with Chinese government rules.

From Unicom's perspective, however, the official sales numbers may not tell the whole story. Mr. Wuh said users of gray market iPhones are likely switching to China Unicom and running them on the carrier's network, the only one in China that is compatible with the iPhone's 3G functions.

China Unicom said last month it aimed to increase the number of its third-generation mobile users by more than one million a month. At the end of October, it had just over one million 3G users.

The Ultimate Degree for Finance Executives

EDHEC-Risk Institute PhD in Finance

London • Nice • Singapore

Since 2008, EDHEC-Risk Institute has been offering a unique PhD in Finance programme to elite practitioners who aspire to higher intellectual levels and aim to redefine the investment banking and asset management industries.

Drawing its faculty from the world's best universities and enjoying the support of a leader in applied financial research, the EDHEC-Risk Institute PhD in Finance creates an extraordinary platform for professional development and industry innovation.

Following a stimulating scientific curriculum and working individually with leading specialists on research issues of particular relevance to their organisations, practitioners on the programme's executive track learn to leverage their expertise and insights to make original contributions at the frontiers of financial knowledge and practices.

Challenging professionals to step back, reflect, and generate radical innovations, the EDHEC PhD in Finance is the ultimate degree for finance executives.

As of February 2011, the programme will also be offered in Asia (Singapore).

Next information session: February 9 (EDHEC-Risk Alternative Investment Days - London)
Forthcoming information sessions: Amsterdam, Vienna, Singapore, Hong Kong, Paris, Stockholm, New York, San Francisco, Melbourne, Tokyo
To reserve your place, email maud.gauchon@edhec-risk.com, or call us now on +33 493 183 267.
Next application deadlines:
Executive Track: May 14 Residential Track: January 29

http://phd.edhec.edu

EDHEC Business School is accredited by:

EDHEC-RISK Institute

A Teachable Moment From Tokyo

Japan's GDP downgrade Wednesday is a teachable moment for policy makers who think pump priming works. Tokyo's spend, spend and spend some more model has done nothing to rescue the world's second-largest economy from stagnation.

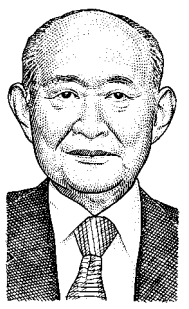
A series of five "stimulus" packages in less than 18 months—the latest announced Tuesday—hasn't stimulated the vibrant consumption and investment Japan needs to grow its way out of deflation. On Wednesday, the Cabinet Office revised third-quarter growth figures to 0.3%, from the preliminary 1.2% forecast. Few economists expect a stronger first half next year.

> An object lesson that tax-and-spend pump priming doesn't work.

Entrepreneurs have little, if any, incentive to start new businesses or invest in the current economic climate. Persistent deflation has kept interest rates ultra-low, keeping both good and bad companies alive. More than 15 years of government handouts have led to the expectation that government will step in if things get too bad. Crushing taxes and regulatory burdens make even the bravest businessman think twice about starting new ventures.

As a result, Japan's economy is one of the weakest in Asia. The lackluster performance is wreaking havoc on the government fisc, because when companies don't make much money, they don't owe much in taxes. The same goes for workers and investors. Tokyo is projecting a 9.1 trillion yen ($103 billion) tax shortfall this year.

This fiscal squeeze wouldn't be a bad thing if the Democratic Party-led government used it as an excuse to pare back wasteful public spending, fire idle public servants and eventually return money to taxpayers.



Hirohisa Fujii

Instead, Prime Minister Yukio Hatoyama announced a 7.2 trillion yen spending package Tuesday that includes handouts for regional governments, pet "green" projects and old-school public-works projects. An extra 100 billion yen was tacked on at the last moment for the minority People's First Party, which has agitated for handouts to its regional voter base.

Mr. Hatoyama's team has tried to scrounge up money from every corner of government to pay for this latest binge. Some of the yen will come from projects allocated by the previous Liberal Democratic Party government; some will come from "contingency funds." But the bulk will come from more government borrowing, sending gross debt toward 200% as a share of GDP.

Japan isn't at imminent risk of sovereign default. Savings rates are high and Japanese institutions own much of the debt. But racking up debt to empower government to spend taxpayer money is no formula for growth, as the Japanese record since 1992 illustrates.

In a moment of rare clarity Tuesday, Finance Minister Hirohisa Fujii admitted the country's finances are in an "extremely serious state." The latest stimulus will do nothing to improve them.

The 'Balibo' Ban in Jakarta

Indonesia's transition to democracy has been so rapid and smooth that it's hard to remember the vagaries of Suharto-era repression. But a recent film ban serves as a reminder that certain freedoms are still under threat.

The Film Censorship Board last week ordered the Jakarta Film Festival to neither screen nor distribute "Balibo," an Australian movie that accuses the Indonesian Special Forces of killing five foreign journalists when the army invaded East Timor in 1975. The Indonesian government maintains the reporters were caught in cross-fire; an Australian coroner says they were intentionally shot. The censors dispute the movie's "subjective point of view" that they say "will potentially open old wounds."

A mature democracy would settle this question through open discussion and debate. Ordinary Indonesians certainly want to do so: They have rushed to purchase pirated DVDs of "Balibo." The Association for Independent Journalists in Indonesia kicked off a 23-city screening tour this week. Hundreds have already attended four public screenings in Jakarta; at the first one, the theater owner had to set up an extra screen to accommodate the crowds.

The surge in public support shows the Indonesian public is far ahead of the government of President Susilo Bambang Yudhoyono, which has so far supported the censors. The day after the ban, the Foreign Minister told parliament the decision would protect Indonesia's public image. Mr. Yudhoyono, a former general, has remained silent.

This isn't the first time that Mr. Yudhoyono hasn't stood up for his people's constitutional rights. He has allowed censorship of the press and curbs on freedom of religion under his watch, too. A tacit endorsement of the "Balibo" ban would continue what is becoming a dangerous pattern.

Olympia Snowe Is Right

Olympia Snowe delivered a very good speech on health care shortly before Thanksgiving, not that the press corps noticed. With Majority Leader Harry Reid's announcement this week of a double-secret bargain that Democrats hope will squeeze ObamaCare through the Senate—after nine whole days of debate so far in the world's greatest deliberative body—the Maine Republican's words seem more pertinent than ever.

Mrs. Snowe began by noting that this year's health debate is "one of the most complex and intricate undertakings the Congress has ever confronted," and that she, too, has devoted much of her three-decade political career to promoting cheaper, better quality insurance. "But it must be done in an effective, commonsense and bipartisan way," she cautioned.

Far from "systematically working through the concerns, the issues and the alternatives," Mrs. Snowe added, Democrats have instead favored "artificially generated haste" and settled on a strategy "to ram it, to jam it" through Congress. The Senator detailed her good-faith participation in the "group of six" on the Senate Finance Committee, which met some 31 times over the spring and summer and reflected "the kind of extensive, meticulous process that an issue of this magnitude requires."

The negotiators tried to build a consensus, blending the best ideas from both parties. Or at least they did before the group of six, and Mrs. Snowe in particular, became a liberal political target for supposed obstructionism. Chairman Max Baucus then pushed their unfinished work to the Senate floor, where Mr. Reid is now rushing to pass a bill in a race against its rising unpopularity and President Obama's falling approval ratings.

Mr. Reid made his case with his usual intellectual nuance this week: "Instead of joining us on the right side of history, all the Republicans can come up with is, 'Slow down, stop everything, let's start over.' If you think you've heard these same excuses before, you're right. When this country belatedly recognized the wrongs of slavery, there were those who dug in their heels and said, 'Slow down, it's too early, things aren't bad enough.'"

> Durable social reform in the U.S. has always been bipartisan.

Then, after equating opposition to Medicare cuts and tax increases with support for human bondage that it took a bloody civil war to end, Mr. Reid went on to draw analogies to women's suffrage, Social Security, civil rights and Medicare.

Mr. Reid would have done better listening to Mrs. Snowe about the "history" of major social legislation, which she also discussed in her November speech. Her main and telling point was that durable social reform in America has always been *bipartisan,* and not merely with one or two opposition party votes.

While Social Security passed when Democrats controlled both Congress and the White House, she said, 64% of Senate Republicans and 79% of the House GOP supported it. Civil rights passed with 82% of Republicans in the Senate and 80% in the House, while 41% and 51%, respectively, voted for Medicare. Mrs. Snowe could have added the 1996 welfare reform that President Clinton signed with the support of nearly all Republicans in Congress, 98 Democratic Representatives and 25 Democratic Senators.

Her point about bipartisanship is especially apt now that we are nearing the moment of Senate truth. Democrats are desperate to win over Mrs. Snowe for a patina of GOP cover for wavering Democrats to get 60 votes. Mr. Obama is meeting with her one-on-one. Yet the current Senate bill that she agreed to provisionally support out of committee is only getting worse on the Senate floor, with even more taxes and ever-higher spending.

The bill's main problem isn't its abortion provision or even the debate over the "public option" that Democrats will probably settle with an inartful dodge. The problem is more than $400 billion in new taxes and a half-trillion dollars in Medicare cuts to pay for a vast new entitlement that is certain to increase the cost of insurance, reduce the quality of medical care and ruin the federal fisc. This is the reason Democrats have no chance of winning over Republicans who have cooperated with Democrats on health care and other issues in the past.

Republican amendments on the Senate floor have tried to strip out these core elements, and so far Mrs. Snowe and Democrats Ben Nelson (Nebraska) and Jim Webb (Virginia) have voted with the GOP. Yet Democrats nonetheless want them to vote to provide the 60 votes needed to pass the manager's amendment that Mr. Reid will spring at some point that will scale back none of these destructive flaws.

The only way that Mrs. Snowe and the diffident Democratic caucus can vote for a truly bipartisan bill is by first defeating this version. Then the leadership and the President would have to return to basics and forge a genuine compromise. Such an outcome is certainly possible and was considered likely last winter before Mr. Obama outsourced health care to the most ideological elements of his party.

We've sometimes disagreed with Mrs. Snowe, especially on taxes, but on this one we couldn't put it better than she did in November: "Every line and every word in this 2,000-page document matters. . . . When it comes to the subject at hand, the most consequential health-care legislation in the history of our country and reordering $33 trillion in health-care spending over the coming decade, surely, we can and must do better."

The "right side of history" on this bill is to force Democrats to make it genuinely bipartisan.

OPINION

For Global Finance, Global Regulation

By Gordon Brown
And Nicolas Sarkozy

Europe led the way last year in facing down the global financial crisis, restructuring our banking system and strengthening the global financial system. The European Union was also at the forefront in calling for a new forum for economic cooperation of G-20 leaders. And from the outset of the crisis, it was Europe that promoted the fiscal stimulus—and sought to coordinate it globally—that has been a major factor in preventing recession becoming a world-wide depression.

Proposals that deserve consideration include taxes on financial transactions and 2009 bank bonuses.

Now we need to once again lead the way in forging a new global consensus.

Stable, open and competitive European financial markets are essential to global growth. We recognize the importance to Europe of ensuring that we have globally competitive financial services, and the importance of developing world-class financial centers such as London and Paris.

But the way global financial institutions have operated raises fundamental questions that we must—and can only—address globally.

We have found that a huge and opaque global trading network involving complex products, short-termism and too-often excessive rewards created risks that few people understood. We have also learned that when crises happen, taxpayers have to cover the costs. It is simply not acceptable for them to foot the bill for losses in a deep downturn, while institutions' shareholders and employees enjoy all the gains as the economy recovers.

Better regulation and supervision are the means by which the risk to the taxpayer can be reduced for the longer term.

In regard to regulation, the EU has adopted a comprehensive set of new rules for the financial sector to avoid the repetition of the crisis: control over credit rating agencies, stronger capital requirements on complex products such as securitization, and strengthened deposit guarantee schemes. We have set up strict rules to make sure that compensation systems avoid excessive risk taking. We will also implement stricter capital rules for banks.

We also have agreed on a more efficient system for supervision of the financial sector within Europe to better monitor systemic risks, to ensure that EU regulation is applied consistently, to settle disagreement between national supervisors, and to deal with crisis situations. Banks must now hold sufficient capital, ensure liquidity, and reward only genuine value creation and not short-term risk-taking.

This crisis has made us recognize that we are now in an economy which is no longer national but global, so financial standards must also be global. We must ensure that through proper regulation, the financial sector operates on a level playing field globally.

Corbis

There is an urgent need for a new compact between global banks and the society they serve:

A compact that recognizes the risks to the taxpayer if banks fail and recognizes the imbalance between risks and rewards in the banking system.

A compact that ensures the benefits of good economic times flow not just to bankers but to the people they serve; that makes sure that the financial sector fosters economic growth.

A compact that ensures financial institutions cannot use offshore tax havens to negate the contribution they justly owe to the citizens of the country in which they operate—and so builds on the progress already made in ending tax and regulatory havens.

Therefore, we propose a long-term global compact that will encapsulate both the responsibilities of the banking system and the risk they pose to the economy as a whole. Various proposals have been put forward and deserve examination. They include resolution funds, insurance premiums, financial transaction levies and a tax on bonuses.

Among these proposals, we agree that a one-off tax in relation to bonuses should be considered a priority, due to the fact that bonuses for 2009 have arisen partly because of government support for the banking system.

However, it is clear the action that must be taken must be at a global level. No one territory can be expected to or be able to act on its own. And if we can find a solution, implemented consistently across the major economies, then we may find a way to ensure that taxpayers do not pay in a systemic crisis for the risks taken on by the banking sector. We might also be able to help the funding of our Millennium Development Goals and address climate change.

To achieve global coordination, we now propose a new process of deliberating and setting macroeconomic strategy, starting with the IMF report on global contributions and leading to a major discussion at the G-20 meetings chaired by South Korea next year. Through this process, we need to correct and prevent the build up of global imbalances. We need to enhance coordination at the global level so that foreign exchange volatility does not create a risk to the recovery. Each country should take its fair share of reducing global imbalances.

Stability and confidence requires us to bring financial markets into closer alignment with the values held by families and business owners: Rewarding hard work, responsibility, integrity and fairness.

People rightly want a post-crisis banking system which puts their needs first. To achieve that, nothing less than a global change is required.

Mr. Brown is prime minister of Great Britain. Mr. Sarkozy is the president of France.

A Look Inside Buffett's Battery Bet

By Matthew Forney
And Arthur Kroeber

Chinese car-maker BYD just announced plans to launch its much-vaunted electric sedan next year in Los Angeles—setting Silicon Valley buzzing about how China's new green technologies are gaining an edge over the U.S. But do Chinese companies really have an edge when it comes to developing eco-friendly technologies?

A closer look at BYD suggests that at least in this case, no. The company boasts a timely product mix of cars and batteries—specifically, lithium-ion batteries, the battery of choice for new-energy cars—and its share price has increased six-fold in the last year.

THE WALL STREET JOURNAL. ASIA

Almar Latour, *Editor in Chief, Asia*
Peter Stein, *Associate Editor*
Dean Napolitano, *Senior Editor*
Mary E. Kissel, *Editorial Page Editor*
Philip Owens, *Circulation Director*
Shawn Hiltz, *Marketing Director*
Alice Chai, *Research Director*
Connie Cheng, *Operations Director*
Simon Wan, *IT Director*
Olivier Legrand, *General Manager Digital*
Christine Brendle, *Publisher*
Published since 1889 by
DOW JONES AND COMPANY
© 2009 Dow Jones & Company. All Rights Reserved
DOWJONES
A News Corporation Company

But its batteries are produced using 15-year-old methods, its successful traditional sedans are the cheapest in every class in which they compete, and its new-energy cars face troubling hurdles.

Like most Chinese manufacturing companies, BYD excels in low-margin, high-volume businesses. BYD has so far achieved success in the battery business by using simpler technology than its peers. To undercut its Japanese competitors, which deploy expensive robotic arms to make uniform battery cells, BYD reverted to manual assembly lines with inexpensive labor. The result was cheaply produced batteries of inconsistent quality. Although the company can rightly be proud that it has never faced a battery recall, it scraps 15-30% of its batteries because they fail to meet quality standards—far above the industry average of under 5%, according to German consultancy Roland Berger.

Inconsistent quality is a small problem when making mobile-phone batteries of one cell each: You simply scrap the batteries that don't make the grade. But it's an enormous problem for electric-car batteries, in which hundreds of cells, each the size of a pack of cigarettes, must charge and discharge with exact precision. A car battery works only as well as its worst cell. It is far from clear that BYD's labor-intensive process can achieve the uniformity of quality required for electric car batteries.

BYD has yet to bring a single hybrid or electric car to market and has repeatedly missed launch deadlines. Every BYD car sold to consumers so far has a traditional gasoline engine, and its models are popular in China not because they are high-tech but because they are ultra-cheap. The company claims its plug-in hybrid, the much-vaunted F3DM, went on sale a year ago. But this model has yet to appear in any dealership, leading industry observers to speculate its battery is not ready for prime time. The all-electric e6 was supposed to reach the U.S. this year, a launch date subsequently pushed out to 2011. But the e6 still hasn't passed Chinese safety tests, let alone more stringent U.S. tests. Advance reviews of prototypes have been scathing: Car and Driver reported, "We drive faster in our driveways."

China's green-tech firms are often not all they're cracked up to be.

Investment has been pouring in nonetheless: BYD grabbed the world's attention a year ago when MidAmerican Energy Holdings, a company controlled by Warren Buffett, bought a 10% stake for $230 million. After that, BYD's stock price climbed seven-fold and made chairman Wang Chuanfu China's richest man with a paper fortune of $5 billion. Along the way, BYD promised to sell America its first purely electric sedan.

When MidAmerican bought its BYD stake, the media jumped to the conclusion that Mr. Buffett was placing a bet on electric cars. Cannily, Mr. Buffett and MidAmerican executives made no effort to dispel this impression. But all evidence suggests their interests lay elsewhere. MidAmerican Energy Holdings runs power grids that generate more energy from renewable sources than any major American utility. MidAmerican's subsidiary in Oregon, PacifiCorp, recently erected a building the size of ten 40-foot storage containers that houses BYD batteries. Those batteries are being tested for the storage of wind-generated energy. BYD's real contribution to Mr. Buffett's portfolio will probably be low-cost, relatively low-tech batteries that store wind and solar power for use on days that are breezeless and cloudy.

Make no mistake, BYD is a well-run company, and its chairman Mr. Wang is rightly regarded as a brilliant entrepreneur. But the true competitive advantage of BYD, as with most Chinese firms, is its ability to commoditize technology products, thereby making them cheaply available to a wider range of customers. This is a useful function, and it will be critical in ensuring that new-energy products can rapidly increase market share against traditional carbon-based technologies. But there is little evidence that Chinese companies are ahead in this new-energy innovation race.

Mr. Forney is president of Fathom China, a corporate research firm. Mr. Kroeber is the Beijing-based managing director of economic consultancy GaveKal Dragonomics.

Pepper . . . and Salt

THE WALL STREET JOURNAL

"I have trouble believing in myself."

IN DEPTH

Their American dream, part 2: default, then rent

Thanks to a rare confluence of factors, a growing number of U.S. families are concluding that it's better not to own

Bought after bust

Chris Jolly and Brittani Kessler

Mr. Jolly says they never imagined they'd be able to afford their own home. 'It's really nice now that I've gotten over the fear of it.'

Hoping to buy

Larry and Danielle Smoot

The recession has hit their small trucking business. Still, they hope to purchase the house someday. 'If you have a neighborhood of owners, the pride of the neighborhood is going to be better,' says Ms. Smoot.

Walked away and began renting

Jay Fernandez

Had turned the house he owned nearby into his ideal home. But he says the $4,800 monthly payments became too onerous. Now he's trying to sell it to at least partially pay back his creditors.

Shana and Timothy Richey

Moved into this rental after defaulting on the $430,000 mortgage on their home nearby. Ms. Richey says she now has more money to spend.

By Mark Whitehouse
Palmdale, Calif.

SCHOOLTEACHER Shana Richey misses the playroom she decorated with Glamour Girl decals for her daughters. Fireman Jay Fernandez misses the custom putting green he installed in his backyard.

But ever since they quit paying their mortgages and walked away from their homes, they've discovered that giving up on the American dream has its benefits.

Both now live on the 3100 block of Club Rancho Drive in Palmdale, where a terrible housing market lets them rent luxurious California homes—one with a pool for the kids, the other with a golf-course view—for a fraction of their former monthly payments.

"It's just a better life. It really is," says Ms. Richey. Before defaulting on her mortgage, she owed about $230,000 more than the home was worth.

People's increasing willingness to abandon their own piece of America illustrates a paradoxical change wrought by the housing bust: Even as it tarnishes the near-sacred image of home ownership, it might be clearing the way for an economic recovery.

Thanks to a rare confluence of factors—mortgages that far exceed home values and bargain-basement rents—a growing number of U.S. families are concluding that the new American dream home is a rental.

Some are leaving behind their homes and mortgages right away, while others are simply halting payments until the bank kicks them out. That's freeing up cash to use in other ways.

Ms. Richey's family of five used some of the money to buy season tickets to Disneyland, and plans to take a Carnival cruise to Mexico in March. Mr. Fernandez takes his girlfriend out to dinner more frequently. "We're saving lots of money," Ms. Richey says.

The U.S home-ownership rate has charted its biggest decline in more than two decades, falling to 67.6% as of September from a peak of 69.2% in 2004. And more renters are on the way: Credit firm Experian and consulting firm Oliver Wyman forecast that "strategic defaults" by homeowners who can afford to pay are likely to exceed one million in 2009, more than four times 2007's level.

Stiffing the bank is bad for peoples' credit, and bad for banks. Swelling defaults could also mean more losses for taxpayers through bank bailouts.

Analysts at Deutsche Bank Securities expect 21 million U.S. households to end up owing more on their mortgages than their homes are worth by the end of 2010. If one in five of those households defaults, the losses to banks and investors could exceed $400 billion. As a proportion of the economy, that's roughly equivalent to the losses suffered in the savings-and-loan debacle of the late 1980s and early 1990s.

The flip side of those losses, though, is massive debt relief that can help offset the pain of rising unemployment and put cash in consumers' pockets.

For the 4.8 million U.S. households that data provider LPS Applied Analytics estimates haven't paid their mortgages in at least three months, the added cash flow could amount to about $5 billion a month—an injection that in the long term could be worth more than the tax breaks in the Obama administration's economic-stimulus package.

"It's a stealth stimulus," says Christopher Thornberg of Beacon Economics, a consulting firm specializing in real estate and the California economy. "The quicker these people shed their debts, the faster the economy is going to heal and move forward again."

As the stigma of abandoning a mortgage wanes, the Obama administration could face an uphill battle in its effort to keep people in their homes by pressuring banks to cut their mortgage payments. Some analysts argue that's not always the right approach, particularly if it prevents people from shedding onerous debts and starting afresh.

"The effect of these programs is often to lead homeowners to make decisions that are not in their economic best interests," says Brent White, a law professor at the University of Arizona who has studied mortgage defaults.

Few places in the U.S. were better suited to attract true believers in home ownership than Palmdale. A farming community that expanded in the 1950s to accommodate the aerospace industry around nearby Edwards Air Force Base, the city more than doubled its population from 1990 to the present as it became the final frontier for Los Angeles-area workers looking to buy.

About half of Palmdale's 147,000 residents endure a daily commute that can extend to two hours or more one way. In return, they get a homestead in a high-desert locale of haunting beauty, with Joshua trees dotting the landscape, and real-estate developments locked into a master grid of streets with anonymous names such as Avenue O-8 or Avenue M-4.

"People have come here to put roots in the ground and try to raise their families," says Rev. James Powell, who ministers to a congregation of 1,300 at the Palmdale United Methodist Church.

The 3100 block of Club Rancho Drive, built by Beazer Homes mostly in 2002, captures the essence of Palmdale's appeal. Winding along the southern edge of the Rancho Vista golf course just south of Avenue N-8, its spacious homes, verdant lawns and imported birch and sycamore trees exude a sense of middle-class tranquility.

Leslie Gowin, a real-estate agent, remembers how she and her family camped out for three days to get the home they wanted on Club Rancho. "The market was so hot," she recalls.

Club Rancho became a solid community of owner-occupiers, many of whom stretched their finances to the limit. As of the end of 2007, total mortgage debt attached to the 13 houses on the block for which records are available had reached $4.5 million.

Fast-forward to the end of 2009, and the picture changes radically. Thanks to a 50% drop in home prices, at least two owners on the block now owe between $60,000 and $160,000 more on their mortgages than their houses are worth. Four more homes have already passed through foreclosure into the hands of new owners.

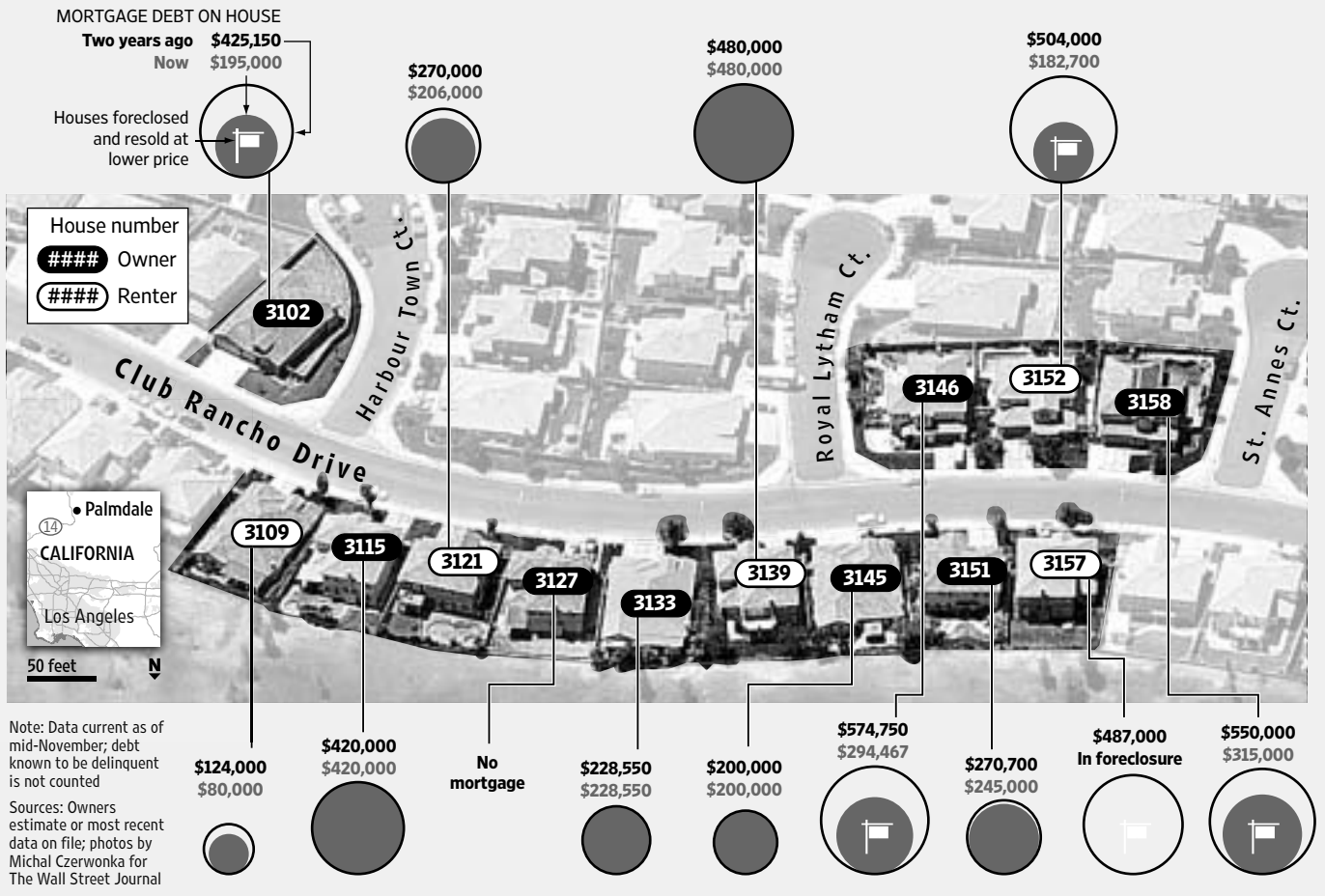
In the process, the block's total mortgage debt has fallen 37%, to $2.7 million.

Much of Club Rancho also has converted to rentals, a shift mirrored across Palmdale. Five homes on the 3100 block are now occupied by renters, up from only two in 2007. In the past six months, at least three families have moved into those rentals after walking away from other homes.

Ms. Richey, the teacher, arrived in Palmdale in 1999. In 2004, she and her husband, Timothy, bought a two-story home on Cas-

Rethinking the American Dream

The housing bust has brought big changes to the 3100 block of Club Rancho Drive in Palmdale, Calif. Foreclosures have wiped out debts, bargain prices have attracted new owners, and much of the block has switched to rentals—making it a refuge for people who've discovered that giving up on the American dream has its benefits. See details on the homes, debts and residents.



Note: Data current as of mid-November; debt known to be delinquent is not counted

Sources: Owners estimate or most recent data on file; photos by Michal Czerwonka for The Wall Street Journal

pian Drive, near Avenue O-8, with a no-down-payment loan. They took pride in the amenities they installed: a powder room with granite countertops, a backyard pool and play area, and the purple-and-turquoise fantasy playroom upstairs for their three daughters.

But the value of the house plunged to less than $200,000 in 2009. Their $430,000 mortgage, with its $3,700 monthly payment, began to look more like an unwanted burden. By May, amid troubles getting tenants for two rental properties she also owned, Ms. Richey decided the time had come to cut a deal with America's Servicing Co., a unit of Wells Fargo & Co. servicing the mortgage on the house.

After three months of wrangling, she says she finally received a modification approval. The new monthly payment: about $3,300, far more than she had hoped. A Wells Fargo spokesman confirmed the bank offered Ms. Richey a modification under the Obama administration's Making Home Affordable program, and said, "The Richeys turned down the lowest payment we could offer."

Ms. Richey and her husband had already been working on Plan B—exploring the neighborhood's "For Rent" signs.

On one trip, they drove by the house at 3152 Club Rancho Drive. It was bigger than their house on Caspian, had a pool with three waterfalls, and boasted a cascading staircase that Ms. Richey says she could picture her daughters descending on prom night. The rent was $2,195 a month.

The situation presented Ms. Richey with a quandary now facing more than 10 million U.S. homeowners who owe more on their mortgages than their houses are worth.

On one hand, walking away from her home would be easy. California is one of 10 states that largely prevent mortgage lenders from going after the other assets of borrowers who default. But she also had to consider the negatives. Her credit could be tarnished for years and, perhaps most importantly, she feared her friends and neighbors might ostracize her.

"It was scary," she says, noting that people tended to keep such decisions to themselves for fear of being stigmatized. "It's still very hush-hush."

Tom Sobelman, whose family of four lives across the street from Ms. Richey, at 3127 Club Rancho Drive, sees mortgages as a moral as well as financial obligation. He's still paying the mortgage on an investment property he owns nearby, despite the fact that the rent is about $1,000 a month short of covering his costs.

Mr. Sobelman, 37, argues that people who choose to default are unfairly benefiting at the expense of taxpayers, who have put trillions of dollars at risk to bail out struggling banks. "All these people are gaming the system, and I'm paying for it," he says. "My kids are going to be paying it off."

Mr. Sobelman has plenty of company. In a recent study of people who owe more on their mortgages than their houses are worth, economists Luigi Guiso, Paola Sapienza and Luigi Zingales found that about four out of five believe defaulting on a mortgage is morally wrong if one can afford to pay it. But they also found that the people become 82% more likely to say they'll default if they know someone else who defaulted.

Moral or not, the individuals who want to shed their mortgage debts are quickly transforming the Palmdale real-estate market.

Adam Robbins, who runs the local Realty World franchise and manages about 80 properties, says about 90% of his prospective tenants are people in Ms. Richey's situation. So he and other rental managers are loosening rules to accept people who have been through foreclosures.

"Those are all good people," he says. "They just got bad loans or bought at the wrong time."

Ms. Richey and her family made the move to Club Rancho Drive in August, when she was already several months behind on the mortgage. With Mr. Robbins's help, she recently sold the house on Caspian Drive for $195,000, money that the bank will accept to settle the $430,000 mortgage debt. She's also considering walking away from the mortgages on her two rental properties.

Showing a visitor the personal touches in her new home, including a $1,800 dining set she bought with some of her newly available income, she notes the advantages of being a renter rather than an owner.

"You take a risk for the American dream," she says. "I don't have to worry about paying property tax, homeowners' insurance, the landscaping, cleaning the pool or any repairs."

Others on Ms. Richey's block have made similar moves. Mr. Fernandez, the firefighter, moved into 3139 in July, after stopping the $4,800 monthly payments on the home he owned around the corner on Champion Way.

Mr. Fernandez says he made four attempts to modify the larger of the two mortgages on his home, which add up to $423,000. Ultimately, he was offered a monthly payment that, together with back taxes, was higher than what he had been paying. Today he's working to partially reimburse his lenders, IndyMac Bank (now OneWest Bank) and American First Credit Union, by selling the home, which he expects to fetch about $300,000.

A spokeswoman for OneWest Bank said the bank "offered Mr. Fernandez the lowest payment possible under the [Federal Deposit Insurance Corp.] loan modification guidelines." A spokesman for American First said the company always seeks to help clients stay in their homes.

With an income of about $8,300 a month and a rent of $2,200, Mr. Fernandez says he now has the wherewithal to do things he couldn't when he was stretching to pay the mortgage. He recently went to concerts by Rob Thomas and Mat Kearney. He also kept his black BMW 6 Series coupe, which has payments of about $700 a month.

"I don't know if I'll buy another house again, because it's such a huge headache," he says.

As cases like his become more prevalent, other people are paying attention. Joe Mayol, a local real-estate investor who owns the house at 3109, says that of the 15 houses he owns in the area, six are worth less than he owes on the mortgage—a predicament that's tempting him to walk away.

"The question is what will recover first," he says, "the price of the house, or your credit."

—Ruth Simon contributed to this article.

WSJ.com

Online today: Read more about the residents of Club Rancho Drive and listen to them talk about home ownership at **WSJ.com/US**.

People's increasing willingness to abandon their own piece of America illustrates a paradoxical change wrought by the housing bust: Even as it tarnishes the near-sacred image of home ownership, it might be clearing the way for an economic recovery.

FROM PAGE ONE

New Chinese rules worry tech vendors

Continued from first page
ments in China.

These people say the move is also an apparent effort by the Chinese government to press companies to transfer technology to domestic companies.

It's a "series of policies designed to promote Chinese companies...to press foreign companies to transfer technology and locate [research and development] in China, and to discriminate against foreign companies and weaken their ability to compete," said Jeremie Waterman, Senior Director of Greater China for the U.S. Chamber.

Officials from the three Chinese agencies that jointly issued the notice, the Ministry of Science and Technology, Ministry of Finance and the National Development and Reform Commission, didn't respond to requests for comment Thursday.

Foreign executives and government procurement experts say they believe the rules don't apply to the massive purchases by companies owned by the Chinese government, though the government didn't respond to requests to clarify the point.

The procurement rules come at a time of rising global concern about protectionism amid continued economic uncertainty. Chinese officials have been among the most vocal in complaining about alleged protectionist measures against their country by other nations including the U.S.

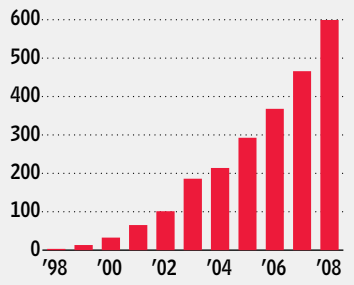
But foreign companies and officials have complained that Chinese rules discriminate against their companies. China's state-owned railway system, for example, is forbidden from using foreign technology in some of its projects this year. China also has rules that openly limit foreign investment in key sectors such as chemicals and information technology.

China is a World Trade Organization member, but it hasn't yet signed on to the organization's voluntary Agreement on Government Procurement, which bars discrimination against foreign companies bidding on government projects.

Public complaint or defiance against government policy are unusual in China, precisely because the state wields so much economic power. But a similar group of technology companies banded together earlier this year to push back against Chinese government plans to require that PC manufacturers include Internet filtering software called Green Dam-Youth Escort with

What's at stake

China's expenditures through government procurement, actual expenditure in billions of yuan



Source: Ministry of Finance

all new PCs shipped in China. After protests from those groups, the U.S. government and Chinese consumers, authorities delayed the mandatory installation plan indefinitely.

The procurement circular expands on rules issued in 2006 that explicitly require government agencies to favor indigenous technology in their purchases, as part of Beijing's broader effort to foster domestic innovation and wean China off costly foreign technology.

Foreign business groups have long complained about the procurement guidelines. But until the recent announcement of the indigenous-technology catalog, the government's requirements were seen as vague.

Companies say they learned of the new requirements only in November. In its 2009 White Paper, the American Chamber of Commerce in China said the indigenous product catalog was yet another "burdensome obstacle for U.S. companies."

Other nations, including the U.S., have procurement policies that give preference to products that are produced locally. But industry officials say that basing procurement preferences on the origin of a product's intellectual property is unusual and difficult to enforce. They point out that it could also affect Chinese companies, many of whose products include foreign innovations.

The November notice leaves many issues unclear, but "it does look like the intellectual property must be developed and owned in China, and it does look like trademarks must be originally registered in China," says Jeff Hardee, vice president and regional director for the Business Software Alliance in Asia, an industry that represents companies including Microsoft Corp., Adobe Systems Inc. and Cisco Systems Inc.

The circular says application instructions specify that all products in the catalog must "have Chinese intellectual property and proprietary brands," and intellectual property by applicants must be "totally independent of overseas organizations or individuals."

The Thursday application deadline gave companies a window of weeks to apply.

"With these provisions, it would be very difficult for any products that are copyrighted by foreign companies to qualify. Even for wholly owned companies or joint-venture companies in China, it would appear to be very difficult," Mr. Hardee says. "The uncertainties, coupled with a very short deadline, we think [creates] a very challenging situation. And so we would encourage the government to reconsider going forward with this policy."

—Kersten Zhang contributed to this article.

WSJ.com

CHINA NEWS Want to read top articles from The Wall Street Journal Online in Chinese? Find them at **Chinese.WSJ.com**.

Shipping companies fear tax on bunker fuel

Continued from first page
risk for ships.

The most popular within the shipping business, industry executives say, is a proposal by Danish shipowners to use a bunker-fuel tax to buy carbon offsets. Buying such offsets for polluting, from companies that successfully reduce emissions, would likely be required under a successor global environmental treaty to Kyoto.

The most controversial idea is one proposed by Nigeria and Liberia, which would use the $10 billion a year they say would be raised from a bunker-fuel tax to help developing countries pay for adapting to new emissions rules.

Shipping is difficult to regulate because ships are registered all over the world, in such countries as Liberia and Panama. Complicating matters is that the sellers of bunker fuel, a sludgy residue from refined crude oil, aren't big oil companies but small operators at transit points like Singapore and Egypt. "These are small firms operating in very unregulated parts of the world," says Philip Roche, a London-based maritime lawyer with Norton Rose LLP.

That's why the International Maritime Organization needs to be involved, shipping-company executives say. A tax "has to be equal for everybody," says Mr. Andersen, of Maersk. "It can't be that you pay less if you're based in one flag and not another."

International Maritime Organization officials say they're equipped to handle the large amounts of money they would collect through a bunker tax. The organization already oversees the International Oil Pollution Compensation Fund, financed by money from shipowners and which pays for environmental damages caused by oil spills.

Even without the bunker-fuel tax, shipping companies are coming up with environmentally friendly ideas as they seek to save fuel and improve public relations.

Bloomberg News

A truck passes shipping containers stacked at a terminal in Tokyo. Japan's NYK Line says it will cut carbon-dioxide emissions by 70% by 2030.

Japan's **NYK Line** says it will cut carbon-dioxide emissions by 70% by 2030 and develop a zero-emissions ship by 2050. The ship would use a combination of fuel cells and solar and wind energy, company executives say.

Elsewhere, the Christophe Colomb is making its maiden call to Rotterdam Friday. The ship is "environmentally friendly," said a spokesman for the ship's owner, France's **CMA-CGM** SA, the world's second biggest container-shipping line. The mammoth 350-meter-long container ship is equipped with an electronic engine that saves fuels and restricts emissions and has a new type of rubberized propeller to make propulsion more efficient.

Meanwhile, Denmark's **DK Group** and Finland's **Wartsila** Corp. are developing new types of ship engines. And the use of so-called air lubrication, which runs compressed air into the base of the hull to reduce drag, can cut fuel use by 15%. A Germany company called **SkySails** Gmbh has pioneered the use of old-fashioned sails on commercial freighters.

Maersk, however, rejects sails, nuclear-powered engines and other innovations as gimmicks, Mr. Andersen says. Instead, Maersk will reach its target of cutting emissions by 20% by 2017 by steaming slower, scheduling better to avoid idling, he says. The company also has adopted a few technological measures, such as piping cold water from the sea into cooling systems, recycling heat from exhaust pipes back into engines and using slicker paint on hulls.

Mr. Andersen says that a tax isn't coming at an ideal time for the shipping industry. "We see a slow return to growth in 2010 but we're not very optimistic about the profitability of the sector."

For Tiger Woods's sponsors, it's wait and see
CORPORATE NEWS 21

Why the U.K.'s bonus tax deserves a thumbs up
HEARD ON THE STREET 32

BUSINESS & FINANCE.

Friday - Sunday, December 11 - 13, 2009 THE WALL STREET JOURNAL. asia.WSJ.com

Steelmakers fight iron-ore plan

By Robert Guy Matthews

Steelmakers around the world are lining up to defeat a proposed joint venture of the iron ore operations of miners **Rio Tinto** PLC and **BHP Billiton** Ltd., charging that the proposal is a rehash of their 2008 failed merger and would allow the two companies to control supply and drive up ore prices.

Rio Tinto and BHP Billiton say the joint venture, which would involving sharing production expenses at their adjacent mines in Western Australia, could generate combined savings of nearly $10 billion and that steelmakers may see cheaper iron ore as a result.

Steelmakers including **Tata Steel** of India, China's **BaoSteel** and **Posco** of South Korea said they oppose the plan.

The World Steel Association, which represents most every major steelmaker, asked this week that the European Union reject the proposed joint venture.

The steel group says the venture "carries a great danger of restricting competition, thus reducing consumers' choice as it would create an entity whose controlling position in the world's seaborne iron ore market would become even less fair than the unsatisfactory position that exists today. The proposed JV would simply turn an oligopoly of three players into a duopoly."

Steelmakers say that if the EU regulatory body fails to stop the proposal, they will try to halt it using German and Austrian regulatory bodies.

This month, the European Union is expected to start investigating the proposed venture, and may decide whether to approve it as early as next summer.

European regulators were highly critical of the proposed $142 billion hostile takeover of Rio by BHP in 2008, which would have been the world's biggest merger.

While European regulators didn't outright quash that deal, they outlined harsh conditions required to gain approval. The deal ultimately fell apart when the collapse in commodity prices made the purchase price unworkable.

To gain regulatory approval for their proposed joint venture, BHP and Rio will have to convince regula-

Please turn to page 21

Rio Tinto to replace iron-ore negotiator

By Chuin-Wei Yap

BEIJING—**Rio Tinto** is replacing its chief iron-ore negotiator ahead of 2010 talks on benchmark prices after this year's talks failed to reach an accord with China.

The nation is the world's biggest consumer of iron ore, a key ingredient in steel, so the prices it negotiates are highly influential on world markets.

A spokesman for the Anglo-Australian mining giant said Thursday that Will Malaney, president of Rio Tinto Iron Ore Asia, is handing over his responsibility as Rio's chief negotiator to Danny Goeman, Rio Tinto Iron Ore Asia's general manager of marketing. Mr. Goeman, a nearly-20-year veteran of the company, will report to Mr. Malaney, said the spokesman, Gervase Greene.

The change allows Mr. Malaney to "focus exclusively on managing Asian sales in his ongoing role as president of Rio Tinto Iron Ore Asia," according to an internal Rio Tinto notice reviewed by Dow Jones Newswires. The notice said the hand over was to "address the increasing complexities of the Asian market."

Separately, Chinese media reported that **Baosteel Group** Corp., the country's largest steelmaker, has resumed leadership of the Chinese side of the iron-ore price negotiations, replacing the China Iron and Steel Association. The reports, in the English-language China Daily newspaper and other outlets, didn't name its sources and couldn't be confirmed. Ding Shouhu, Baosteel's chief negotiator for the ore talks, declined comment for this article.

The association's first time negotiating with miners on iron-ore prices fell apart this year when it held out for a deep discount even after miners settled deals with other Asian customers, essentially setting the 2009 benchmark. Frustration grew with the association's hardline stance and failure to secure an agreement, forcing many Chinese mills to seal side deals or buy ore on a spot market where prices were rising.

Rio Tinto's Mr. Greene dismissed any suggestion that its change was intended to recast the leadership of the iron-ore talks following Rio Tinto's difficulties in China this year. Chinese authorities detained four Rio Tinto executives, including an Australian citizen, on allegations of bribery and stealing commercial secrets. The company has denied wrongdoing.

Still, if the Baosteel move is confirmed, the result could see new faces sitting on both sides of the table when iron-ore price talks resume next year, perhaps increasing the chances that the two sides could move past the acrimony that characterized this year's talks.

The China Iron and Steel Association took over negotiations for China for the first time this year, after five years of Baosteel representing Chinese mills intalks with Rio Tinto and fellow mining giants **BHP Billiton** Ltd. and **Vale** SA.

Hedge funds gain from troubles of Europe's weak

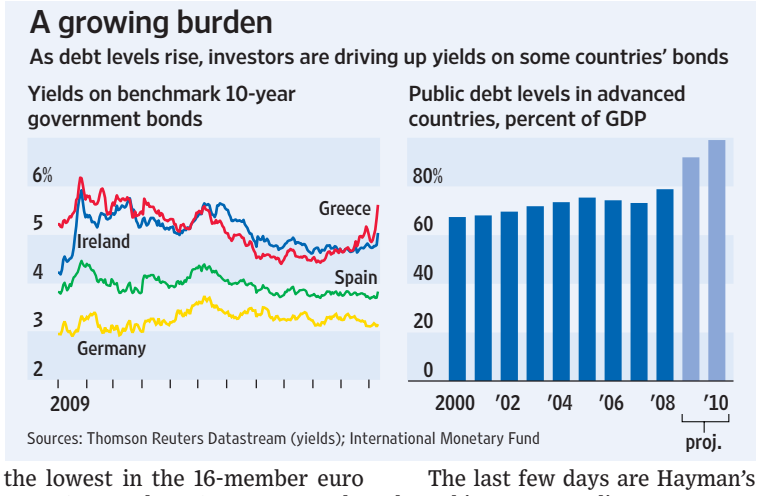
The sudden spotlight on troubled government borrowers is presenting a long-awaited payday for investors who placed early bets against countries now under pressure.

By Joanna Slater, Gregory Zuckerman And Cassell Bryan-Low

Investors including **Balestra Capital** Ltd., **Hayman Capital Partners** LP, **North Asset Management** LLP and **Pivot Capital Management** Ltd. have been anticipating such flare-ups for a year or longer, betting that some countries would emerge from the financial crisis in much worse shape than others.

Those bearish positions had led to a difficult 2009, as investor confidence picked up and rivals gained by buying risky investments. Kyle Bass's $650 million Hayman Capital suffered losses this year, for example, while James Melcher's Balestra Capital is up about 5% in 2009, according to investors, less than the 20% or so gain of the average hedge fund.

But a chorus of warnings this week about the hazards of government borrowing from Dubai to Greece and the U.K. has rattled markets around the globe—and some of those early bets are starting to pay off. On Wednesday, Standard & Poor's Ratings Services changed its outlook on Spain's credit rating to "negative," a sign that a downgrade could lie ahead. A day earlier, Fitch Ratings cut Greece's credit rating to the lowest in the 16-member euro zone. On Monday, S&P cut Portugal's outlook to "negative."



The last few days are Hayman's best this year, according to someone at the firm.

"Worry about sovereign risk is back on the table," says Norman Cerk, a senior executive at Balestra. Two years ago, the $1 billion firm began buying credit-default swaps—derivatives that act like insurance to protect against a default—on Greece, Ireland and Portugal. "It started with Dubai and now problems with Greece and other hot spots, like Latvia and Eastern Europe."

Rather than cash in profits, these investors say they are expanding their wagers, convinced that the sovereign debt of a number of countries will run into more problems over the next year or so.

Investors have focused on countries that are considered weaker

Please turn to page 25

Suzlon aims for all of REpower

Full control of German company would allow Indian wind-turbine maker to broaden its range of products

By Paul Beckett

NEW DELHI—**Suzlon Energy** Ltd. will push for completion of its purchase of Germany's **REpower Systems** AG in the next few months after it finalizes new bank financing, a move that would allow the Indian wind-turbine manufacturer to broaden its range of products and streamline its suppliers, according to Sumant Sinha, Suzlon's chief operating officer.

In an interview, Mr. Sinha said the company would file for a so-called "domination agreement" in Germany "probably in a couple of months."

Suzlon currently holds 92% of REpower but under German law must buy out the remaining shareholders in order to exercise full control and integrate the two companies. At the current value of REpower's shares, 8% of the company would cost about $150 million, Mr. Sinha said, though a German court must approve the price Suzlon pays to shareholders. A REpower spokeswoman declined comment.

Suzlon, which is based in the city of Pune and was founded by Indian entrepreneur Tulsi Tanti, was once a high-flying wind company with aspirations to combine India's cheap manufacturing with technological know-how to create a global wind-turbine powerhouse. Its ambitions have been blown off course in the past couple of years, however, because of the financial crisis that buffeted the industry, manufacturing problems with Suzlon turbines and a high level of debt.

Reuters

Power-generating windmill turbines, pictured at Suzlon wind farm, at Sanodar village, in India.

Mr. Sinha joined the company 16 months ago—at a time when he said the company "wasn't in the best of shape"—and is trying to sort through the problems. Previously, he was chief executive of the retail arm of Indian industrial conglomerate **Aditya Birla Group**.

Mr. Sinha said the company has spent about $100 million to retrofit blades that cracked on turbines in the U.S., and is making progress on putting its financial affairs in order.

Mr. Sinha said Suzlon's debt load comprised of several elements. About $250 million is debt owed to the Tanti family that will be converted into equity, he said. A further $500 million is in the form of convertible bonds. About $800 million is in loans from international banks and was used to fund the purchases of REpower and a stake in **Hansen Transmissions International NV**, a Belgian turbine gearbox maker. The remaining $1 billion is in rupee-denominated loans from Indian banks. The recent sale of some of its Hansen stake brought Suzlon $370 million, and a new $465 million loan from the State Bank of India will allow Suzlon to pay off the acquisition loan from the international banks in the next few days, Mr. Sinha said.

The remaining rupee debt is being refinanced with a consortium of Indian banks on terms that require no principal repayments for two years and no covenants for two years. Covenants are terms in a loan that require the borrower to meet specific financial metrics or face repayment demands. He said the interest rate on this new financing wasn't yet fixed but would likely be around 10% annually.

The debt restructuring and the new financing is designed to provide Suzlon with the financial flexibility to push for full ownership of REpower, Mr. Sinha said. The domination agreement also will allow the transfer of technology from REpower to Suzlon.

Because of the downturn in the industry overall, in the year ending March 31, 2010, Suzlon is functioning at less than 50% of its 4,200-megawatt manufacturing capacity, down from about 70% to 75% a year earlier. Mr. Sinha said the company's break-even point was to have manufacturing running at 40% to 45% of capacity.

Mr. Sinha said there was now some "visibility that we are getting to the position where we will feel more comfortable." H

IBM opens data center, plans research site in Asia

By William M. Bulkeley

International Business Machines Corp. opened one new data center and unveiled plans for another and a research laboratory in Pacific Rim countries, reflecting its growing business in cloud computing, in which applications remotely run on shared computers.

IBM said it will build an 80 million New Zealand dollar (US$57 million) data center in Auckland, New Zealand, that will be completed in 2010. The company also disclosed it has just completed building a data center that is twice as big in Songdo International City, Incheon, South Korea. It declined to disclose its spending on the Korean facility.

In a related development, IBM said it is opening an 80-person research laboratory in Hong Kong to develop collaboration technology for cloud-computing applications based on IBM's Lotus software. That lab will be an arm of IBM's 5,000-person China Development Laboratory, its largest software lab.

Joe Dzaluk, vice president for infrastructure in IBM's global services organization, said the new facilities are being built as part of a three-year program to upgrade and expand IBM's world-wide network of 488 data centers. Early next year, he said, it will start running a new data center in Raleigh, N.C. He declined to disclose financial details.

The upgrade cycle is being driven by a growing shift by businesses to cloud computing. Data-center operators also are concerned about the amount of electricity it takes to run computers and keep them cool. Although IBM doesn't break out revenue for the business, "IBM's data-center outsourcing services continue to be expanded," said Charles King, principal analyst at Pund-IT Inc., in Hayward, Calif.

Firms are increasingly interested in moving some or all of their computing tasks to data centers operated by service providers like IBM and **Hewlett-Packard** Co.'s EDS arm. Analysts say that outsourcing data centers is a growing business because of the capital investments required to upgrade them.

INDEX TO BUSINESSES AND PEOPLE

Businesses

This index of businesses mentioned in today's issue of The Wall Street Journal is intended to include all significant reference to companies. First reference to the companies appears in bold face type in all articles except those on page one and the editorial pages.

Abbott Laboratories....25
Accenture....21
Aditya Birla Group....18
AK Steel....3
Alcoa....27
Alpha Bank....27
Amazon.com....11,27
Anadarko Petroleum....27
Ansys....25
AOL....20
AP Moller Maersk....1
Apple....11
AT&T....21
Balestra Capital....17
Bank of America....32
BaoSteel....17
Baosteel Group....3,17
Barnegat Fund....32
Beijing North Star....27
Benchmark Capital....20
Berjaya....20
Bernard L. Madoff Investment Securities....22
Best Buy....25
BHP Billiton....17,27
BP....19
Cadbury....19
Cairn India....27
Chevron....19,27
China Cosco Holdings....27
China National Petroleum....19
China Nuokang Bio-Pharmaceutical....27
China Unicom (Hong Kong)....11
Citigroup....32
CMA-CGM....1
Cnooc....19
ConocoPhillips....19
Credit Agricole....27
Credit Suisse Group....23
DAG Ventures....20
Daiwa Securities SMBC....10
Daum Communications 10
Dell....27
Denway Motors....27
DK Group....1
Dongfeng Motor Group 27
Dubai Holding....27
Electronic Arts....21
Eli Lilly....25
Emaar Properties....27
Eni....19
Exxon Mobil....19
Facebook....20
Ferrero....19
Formation Capital....25
Friendster....20
Future Fund....23
Galleon Group....25
Genesis HealthCare....25
Goldman Sachs Group....10,25
Google....10,11,20
Guangzhou R&F Properties....27
Hansen Transmissions International N.V....18
Hayman Capital Partners LP....17
Hennes & Mauritz....21
Hershey....19
Hewlett-Packard....18
Honda Motor....27
HSBC....32
Hyundai Motor....27
IDG Ventures....20
ImClone Systems....25
Inditex....21,27
Inpex....27
International Business Machines....18
JER Partners....25
JPMorgan....32
KB Financial Group....27
Kellogg....21
Kleiner Perkins Caufield & Byers....20
Kraft Foods....19
La La Media....11
Lukoil....19
LVMH Moet Hennessy Louis Vuitton....21
Mashreqbank....27
Merck....25
Merck....27
Microsoft....20
Mitsui O.S.K. Lines....27
MOL Global Pte....20
National Bank of Greece....27
Nestle....19
NetJets....21
News Corp....20
NHN....10
Nike....21
Nippon Yusen K.K....27
Nissan Motor....27
North Asset Management....17,25
Novolipetsk Steel....3
NYK Line....1,16
Oracle....20
Panasonic....10,27
PepsiCo....21
Petroliam Nasional....19
Pfizer....25
Pivot Capital Management....17
Posco....17
Procter & Gamble....21
REpower Systems....18
Restoration Hardware..25
Rio Tinto....17,27
Royal Bank of Scotland Group....32
Royal Dutch Shell....19
Santos....27
Sanyo Electric....10,27
SAP....20
Sears Holdings....25
Sekisui House....27
Shyam Group....20
Sistema....20
SkySails....1
Sonangol....19
Sudapet....19
Sumitomo Mitsui Banking....10
Sun Microsystems....20
Surge Trading....22
Suzlon Energy....18
Suzuki Motor....27
Swatch Group....21
Tata Steel....17
Time Warner....20
TLC Vision....21
Total....19
Toyota Motor....27
Transurban Group....23
Triarc....25
Trony Solar Holdings....27
UBS....27
Vale....17
Vestas Wind Systems..27
Vietnam Oil and Gas Group....19
Visa....21
VIZ-Stal....3
Volkswagen....27
Wal-Mart Stores....11
Walt Disney....27
Wartsila....1
Wendy's/Arby's Group..25
WPP Group....21
Wuhan Iron & Steel (Group)....3
Wyeth....25
Yahoo....10,20

People

This index lists the names of business-people and government regulators who receive significant mention in Today's Journal.

Adler, Kevin....21
al-Saadi, Sabah Kadhem....19
Andersen, Nils....1
Armstrong, Tim....20
Badron, Nor....20
Bangah, Ganesh Kumar....20
Bass, Kyle....17
Blankfein, Lloyd....25
Bongiorno, Annette....22
Brown, Jeff....19
Cerk, Norman....17
Cho, Ted....10
Dimon, Jamie....32
Ding Shouhu....17
DiPascali, Frank....22
Dzaluk, Joe....18
Flumenbaum, Martin....22
Friehling, David....22
Fukunaga, Akito....26
George, Carl....25
Goeman, Danny....17
Goh, Khoon....27
Greene, Gervase....17
Hazen, Tom....22
Isla, Pablo....21
Jaffe, Amy Myers....9
Killinger, Kerry....32
Kimber, Richard....20
King, Charles....18
Kroes, Neelie....20
Kwan, Gordon....3
Lewis, Kenneth D.....32
Lommen, Yolanda Fernandez....3
Madoff,Andrew....22
Madoff, Bernard L.....22
Madoff, Mark....22
Madoff, Peter....22
Madoff, Shana....22
Malaney, Will....17
Mead, James....19
Melcher, James....17
Meriwether, John....32
Moffat, Gordon....21
Mozilo, Angelo....32
Murray, David....23
Nathanson, Michael....20
Nevels, James E.....19
Pace, Tony....21
Papamarkakis, George..25
Phelps, Michael....21
Picard,Irving....22
Reese, Robert....19
Roche, Philip....1
Rodriguez, Alex....21
Rohner, Urs....23
Scholes, Myron....32
Serebriakov, Vassili....26
Sinai, Allen....8
Sinha, Sumant....18
Solomon, Elaine....22
Squillari, Eleanor....22
Stanley, Stephen....8
Swonk, Diane....8
Tanti, Tulsi....18
Tan, Vincent....20
Thompson, G. Kennedy 32
Trott, Byron....19
Van Minh, Nguyen....19
Vick, Michael....21
Walsh, Amy....22
Warris, Annie-Marie....1
West, David....19
Wiedmer, Hans-Peter...23
Williams, Bob....21
Wong, Carson....26,27
Woods, Tiger....21
Yan, K. F.....3
Zimmerman, LeRoy....19

Hershey, trust to decide on Cadbury

Two sides lean toward making a bid to rival Kraft's but wrestle with effects it will have on company's credit rating

By Jeffrey McCracken And Ilan Brat

Hershey Co. and the philanthropic trust that controls it are nearing a final decision on whether to bid on candy maker **Cadbury** PLC, said several people familiar with the matter.

The two sides—Hershey management and the Hershey Trust's board—are tilting toward making a bid but haven't made a final decision, these people said.

A key tension between the chocolate giant and the trust is whether to sacrifice the company's investment-grade credit rating in order to challenge **Kraft Foods** Inc.'s existing $16.5 billion bid for Cadbury, the people said.

Talks with third parties, such as Italian chocolate giant **Ferrero** SpA, have been put on hold, and there have been no recent talks with Swiss food giant **Nestlé** SA, the people added.

Hershey's management and the trust are holding "threshold meetings" this week to gauge their ability to complete a transaction. A bid under the likeliest scenario would require Hershey to take on about $10 billion in debt, issuing billions of dollars in new Hershey shares and accepting cash infusions from wealthy investors in exchange for equity in a combined Hershey-Cadbury, the people said.

Associated Press

Hershey's debt rating is the sticking point as the candy maker considers a bid.

But the key sticking point is the fate of Hershey's credit rating, which is currently at investment grade with a negative outlook, according to Standard & Poor's. The company's board and such senior management as Chief Executive David West are concerned that taking on the new debt would drive the company's debt ratings down to speculative grade, a move that could substantially raise the company's future borrowing costs.

Former Goldman Sachs banker Byron Trott is lining up a group of wealthy investors as part of a potential deal, the people said, and these unidentified investors could provide billions of dollars in cash in exchange for equity, along with what one person described as a "debt bridge" until Hershey could arrange a new loan.

But the investors have become nervous as Hershey shares have tumbled 6.7% over the last month amid reports of a possible Hershey bid.

Hershey could maintain its investment-grade credit rating, perhaps just above the lowest investment-grade level of BBB-, but it would have to issue billions of dollars in new equity, a concern for the company and its trust, which holds about 73 million shares but controls about 80% of the voting rights.

If the trust issues too much additional equity, it could jeopardize its Class B voting rights and violate Pennsylvania law, which could then push the state attorney general to halt the deal—which he can do under state law.

The trust, meanwhile, is more willing to surrender the investment-grade rating and dip down into BB category, near the top of speculative-grade credit ratings, the people said. That is a change of attitude for the trust, which in the past has resisted major strategic changes.

The membership of the trust's board has changed substantially in recent years. Newer members include James Mead, a former chief executive of a Pennsylvania health insurer; Robert Reese, who worked at Hershey for years; and LeRoy Zimmerman, a former Pennsylvania attorney general who is the trust's chairman. The board also includes James Nevels, who also serves as chairman of the company's board and has been driving the company to consider a Cadbury bid, said several people familiar with the matter.

Spokesmen for Hershey and the Hershey trust declined to comment.

—Charles Forelle contributed to this article.

Vietnam expands energy projects to Africa

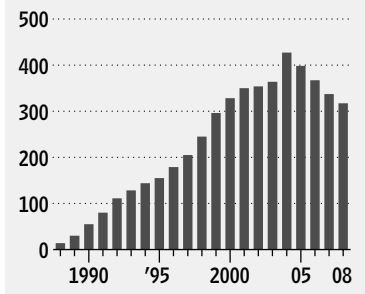
By Vu Trong Khanh And Patrick Barta

HANOI—Vietnam's state-run oil company said it has signed an oil and natural-gas cooperation agreement with Sudan's national oil producer and plans to do the same with an Angolan oil company later this month as it moves to raise its profile overseas.

The agreement with Sudan's **Sudapet** Ltd. will enable the two companies to jointly invest in oil and gas projects in Sudan, Vietnam and elsewhere, according to **Vietnam Oil and Gas Group**, known as PetroVietnam. The Vietnamese company said it will sign a similar agreement with state-owned oil company **Sonangol** in Angola later this month, with more detailed oil and gas contracts expected to follow early next year.

Vietnam's oil production

In thousands of barrels a day



Source: BP Statistical Review of World Energy

"The agreements are part of our plan to expand oil and gas exploration and production to Africa," said PetroVietnam Deputy Director Nguyen Van Minh. "We are also focusing on expanding investment in oil and gas projects in other countries, especially in Russia and South America," Mr. Minh said.

Although many details of the projects remained unclear, many analysts said it is only a matter of time before Vietnam's oil company tries to become a more important competitor in global energy markets.

It has maintained a relatively low profile in recent years, especially compared with other energy powerhouses in emerging Asia, such as **China National Petroleum** Corp., China's **Cnooc** Ltd. and Malaysia's **Petroliam Nasional** Bhd., which have invested huge sums to land major assets in Kazakhstan and elsewhere.

PetroVietnam, by contrast, has focused on developing domestic fields in conjunction with foreign investors such as **ConocoPhillips**.

One reason is that Vietnam remains a net exporter of crude oil, meaning it hasn't faced the same urgency to locate more oil elsewhere. It currently produces about 330,000 barrels of oil a day and consumes 320,000, according to FACTS Global Energy, a consulting firm.

But Vietnam's domestic production is expected to taper off by the middle of the next decade, and its economy continues to grow rapidly, boosting incomes and demand for energy. It also will need more supply to feed its 130,000-barrel-a-day Dung Quat oil refinery, Vietnam's first oil-processing plant, which became operational earlier this year.

"Certainly the leadership in Vietnam seems to be more outward-looking than it was in the past, and since these are state companies, that may correspond with some move overseas" in oil production as well, says Jeff Brown, a Singapore-based analyst at FACTS.

PetroVietnam said it has so far joined more than 20 oil and gas exploration and production projects abroad, including in Algeria, Iraq, Peru, Iran, Myanmar and Venezuela. Many were signed during the past 12 months.

Last month, a production unit of PetroVietnam, signed an agreement with the Cambodian National Petroleum Authority for oil exploration and production at Cambodia's Tonle Sap Lake.

Major oil companies vie for new licenses in Iraq

Foreign oil executives are flocking to Iraq as it prepares to open some of its untapped oil assets to Western oil companies, undeterred by a string of attacks Tuesday that killed more than 120 people.

*By **Hassan Hafidh** in **Baghdad** And **Guy Chazan** in **London***

Iraq's second oil-licensing round, set for Friday and Saturday, has elicited major interest from Big Oil. The most tempting prizes are the Majnoon and West Qurna-Phase 2 fields, each of which contains more than 12 billion barrels of proven reserves. The fields have been in the majors' sights for decades.

The auction is key to Iraq's goal of reviving an industry battered by years of war and sanctions. The country plans to increase oil production over the next six or seven years to six million barrels a day from 2.5 million now.

For big international energy companies, the licensing marks the latest stage of their return to a country from which they have been barred since 1972, when Saddam Hussein nationalized the industry. Iraq is thought to have proven reserves of 115 billion barrels of oil—putting it No. 3, after Saudi Arabia and Iran, and making the nation a magnet for Western firms shut out elsewhere in the Middle East.

But analysts say there are major obstacles to the government's efforts to expand oil output. Parliament has yet to pass an oil law covering key issues such as revenue allocation, and elections next year could bring in a government that might not honor oil contracts. Also, security remains fragile.

Sabah Kadhem al-Saadi, an official in the Oil Ministry's petroleum contracts and licensing directorate, said Wednesday that all 44 companies that had registered to make proposals intend to come to Baghdad. That includes most of the supermajors, including **Royal Dutch Shell**, France's **Total** SA, and **Chevron** Corp. of the U.S. Many are unwilling to discuss their proposals beyond confirming their interest.

The companies will bid for rights to fields that are yet to be developed, which is particularly attractive in Iraq because its developed fields are widely viewed as having been damaged by poor management. The first round, in June, involved oil fields already in production.

The latest contracts on offer are for 10 groups of oil and gas fields. Among them are giants like Halfaya in southern Iraq, as well as clusters of small deposits offered as a single package. One such group is the so-called Eastern Fields of Gilabat, Khashem Al-Ahmar, Nau Doman and Qumar.

Interest is high despite terms that the majors would balk at in other circumstances. Iraq is offering 20-year technical-service contracts, under which companies are effectively employed by the government and propose a fee they will be awarded for every barrel of oil they extract. The Oil Ministry also pays the companies' production costs. Oil companies tend to prefer production-sharing agreements, which give them a share of the oil produced.

Ambivalence about the terms clouded the first round of bidding. In the end, only one contract was awarded, to a consortium of **BP** PLC and state-owned **China National Petroleum** Corp., to expand output at the giant Rumaila field. Other companies, which were seeking at least $4 a barrel, walked away after Iraq refused to pay more than $2.

Some companies changed their minds later. A consortium led by Italy's **ENI** SpA last month agreed to be paid $2 a barrel to raise production at the Zubair field. Soon after, Shell and **Exxon Mobil** Corp. reached a similar deal with Baghdad on the West Qurna-Phase 1 field.

Analysts said the majors had put up a united front in the hope Baghdad would fold and offer more attractive terms. But cracks began to appear after the companies took a closer look at the contracts and realized that the terms weren't as onerous as first believed. For example, they learned a 35% tax on the companies applies only to the per-barrel fees they receive from the government, not from other revenue.

Among bidders in this week's auction is a Chevron-Total partnership angling for Majnoon. In the 1990s, Total negotiated with Mr. Hussein's regime to develop the field, though no pact was signed.

OAO **Lukoil** of Russia experienced a similar setback with a 1997 deal it signed with Baghdad to develop West Qurna-Phase 2. That contract was canceled five years later. Lukoil, which lost out to Exxon and Shell on West Qurna-Phase 1, will bid for the second phase this week.

CORPORATE NEWS

Malaysia's MOL buys Friendster

Deal combines social network popular in South Asia with online-payments business

By Marissa Chew And Yun-Hee Kim

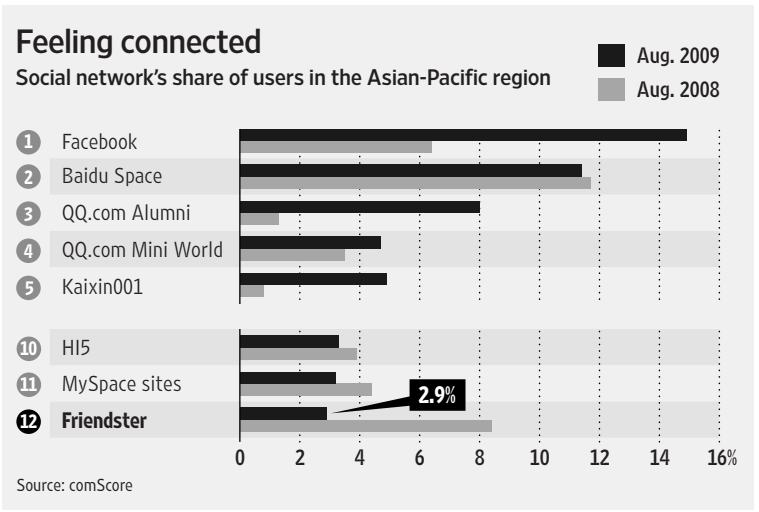
Malaysian businessman Vincent Tan reached a deal to acquire **Friendster** Inc., a social-networking site that retains a big following in parts of Asia but has been eclipsed globally by rivals such as **Facebook** Inc. and MySpace.

Mr. Tan is buying 100% of Friendster, which is based in Mountain View, Calif., through his online-payments business, **MOL Global Pte.** Ltd., which is based in Malaysia.

Financial terms of the deal weren't disclosed. MOL is buying Friendster from a group of investors including venture capital firms **Kleiner Perkins Caufield & Byers**, **Benchmark Capital**, **DAG Ventures** and **IDG Ventures**.

Friendster, whose site launched in 2003, blazed a trail for social networking—the idea of connecting with other Internet users via Web profiles. But as the company struggled with performance issues, many users ditched it in favor of newer alternatives.

Friendster said more than 75 million of its 115 million registered users are in Asia and more than 90% of its daily traffic comes from the region. It is especially popular in Malaysia, the Philippines and Indonesia. But over the past year sites such as Facebook and MySpace have surpassed Friendster in the Asian-Pacific region, according to data from research firm comScore. MySpace is owned by **News Corp.**, which also owns The Wall Street Journal.



"The new combined entity gives Friendster the kind of financial backing, retail distribution, and e-commerce infrastructure that will enable us to accelerate our strategy and create a locally relevant, fun experience for our users in Asia, both on and offline," said Friendster Chief Executive Richard Kimber in a prepared statement.

MOL's principal shareholder is Mr. Tan, who is chairman and chief executive of **Berjaya** Corp., a diversified Malaysian conglomerate. Attempts to reach a representative for Berjaya were unsuccessful.

A former insurance-company employee, Mr. Tan has built his business empire since the 1980s, when he won the right to operate the McDonald's franchise in Malaysia. He became close to then-Prime Minister Mahathir Mohamad and branched out into gambling, tourism, property and telecommunications.

Today, Berjaya has annual revenue of $1.8 billion and its interests include Starbucks and 7-Eleven franchises, a local English-language newspaper and major property developments.

MOL, which handles 60 million payment transactions a year, plans to merge its operations with Friendster to create an Asia-wide content, distribution and commerce network. MOL provides systems to collect payments for content and services, such as online games and music, movies and video.

"We are creating a unique company that will be well positioned to provide content to a huge, regional user base, here in Southeast Asia," said Ganesh Kumar Bangah, chief executive of MOL in a statement.

Mr. Bangah will become the group chief executive of the combined entity while Mr. Kimber will become the nonexecutive chairman.

Nor Badron, a spokesman at Friendster, said the company will continue to maintain its headquarters in the U.S. "There is currently no plan to move Friendster's headquarters to Malaysia. We will continue to operate at all our existing offices," he said.

Friendster currently has sales offices in Malaysia, the Philippines and Singapore.

—Tom Wright contributed to this article.

Oracle to defend Sun deal before EU

By Charles Forelle

BRUSSELS—**Oracle** Corp. is preparing a stiff defense of its proposed purchase of **Sun Microsystems** Inc. ahead of a hearing before European Union antitrust authorities, who are holding up the $7.4 billion transaction.

The software giant and EU regulators haven't had fruitful settlement talks ahead of Thursday's hearing, according to people familiar with the matter, though EU Competition Commissioner Neelie Kroes said Wednesday she was "optimistic" a "satisfactory outcome" could be reached.

The European Commission, the EU's executive arm, last month issued preliminary objections to the deal, which has been approved by U.S. authorities. The EU's chief concern is database software called MySQL that is owned by Sun. Oracle is the world's biggest database software vendor.

Thursday's closed-door hearing is run by an official who doesn't rule on the case's merits but ensures procedures are followed. In effect, the hearing, which takes place with senior commission officials in attendance, serves as Oracle's chance to persuade the commission to change its mind. It ends Friday.

A key thrust of the EU's objection is that MySQL can be a robust competitor to Oracle and hold prices down in the database market. As an open-source product, MySQL can be downloaded and used free. Sun makes money by selling services and add-ons.

People familiar with the matter say Oracle will argue competition concerns are overblown. Oracle will say that in the evidence gathered by the commission, none of Oracle's customers report that MySQL can substitute for Oracle for certain "high-end" tasks, one person says.

MySQL gained prominence as a database for lower-end applications like Web servers, though critics of Oracle's takeover say MySQL is moving into Oracle's territory as its capabilities grow.

Oracle is also pressing the case that MySQL is too small to merit antitrust concerns. Last year, MySQL had €17 million ($25 million) in revenue in Europe. Critics of the deal say sales is the wrong way to measure the impact of a product that's largely given away. A spokesperson for the EU declined to comment.

Oracle is bringing a crowd to the hearing: eight customers to testify that they don't fear the deal, among them Vodafone Group PLC and Telefon AB L.M. Ericsson—both of whom were cited by the EU in its legal papers, according to a person familiar with the matter.

> EU regulators are concerned about Oracle owning the MySQL database.

Microsoft Corp., which makes a rival database, and **SAP** AG, which competes with Oracle to write software that runs on top of databases, are both scheduled to appear on the commission's side. So is Michael "Monty" Widenius, a founder of MySQL, which Sun purchased for $1 billion last year.

The stakes are high on both sides. The EU has blocked just two of more than 1,500 deals during Mrs. Kroes's five-year term, which ends early next year. That's a consequence of court rulings earlier in the decade rebuking the regulator for prohibiting deals. Blocking the Oracle deal would likely lead to a difficult legal fight at EU courts in Luxembourg.

What's more, refusing a tie-up between two U.S.-based companies after the U.S. has given the green light raises the unpleasant specter of General Electric Co.'s bid for Honeywell International Inc., which the EU blocked in 2001.

A top U.S. Justice Department official last month took the unusual step of highlighting the U.S.'s disagreement, and 59 U.S. senators sent a letter to the commission's envoy in Washington urging a swift resolution.

—Ben Worthen and Adam Cohen contributed to this article.

Russia buys 20% stake in India's Sistema Shyam

By Dhanya Ann Thoppil And R. Jai Krishna

BANGALORE—India's Sistema Shyam TeleServices Ltd., a unit of Russia's **Sistema JSFC**, agreed to sell a nearly 20% stake to the Russian government for $676.9 million, giving the company much-needed funds to expand operations in the local mobile-telephony market.

Unlisted Sistema Shyam will issue 662.75 million shares, a 19.8% stake, on a preferred basis to the Russian Federal Agency at 49.31 rupees ($1.06) each, the company said Thursday.

It will also issue as many as 228.55 million shares to its Indian founders at par, or 10 rupees a share.

Sistema currently owns 73.71% of Sistema Shyam, while India's **Shyam Group** holds 23.79%. The rest is owned by minority shareholders.

"The Russian government intends to sign an agreement under which Sistema will pledge to buy the Russian government's shares in [Sistema Shyam] in five years' time," said a person close to Sistema. The person described the Russian government's acquisition of Shyam shares as a "financing arrangement," adding that Sistema will buy the Sistema Shyam shares from the government with interest, or at the market price.

Thursday's deal will reduce the holding of Sistema in the Indian company to about 54%. However, the allotment of shares to the Indian founders will help Sistema Shyam keep the total foreign stake in the company to below the government-mandated limit of 74% for telecommunications companies.

Sistema Shyam provides mobile services on the code division multiple access, or CDMA, platform.

—Will Bland in Moscow contributed to this article.

AOL finally takes leave of Time Warner

By Emily Steel

AOL is on its own.

After seven months of preparation, AOL is officially independent of media giant **Time Warner** Inc., closing the book on their disastrous 2001 merger and opening a new chapter for the struggling Internet company.

In its new incarnation, **AOL** Inc. aims to be a slimmer, more focused company, preparing to battle against **Google** Inc., **Yahoo** Inc. and **Microsoft** Corp. in the $29 billion U.S. market for online advertising. It is betting on a strategy centered on becoming the top creator of news, information, entertainment and other digital content.

Chief Executive Tim Armstrong, a 38-year-old former Google advertising executive, started at AOL in April and has been readying the company to stand on its own. So far he has reshuffled the executive team, announced plans to lay off a third of the staff, or 2,500 employees, assembled a board and dealt with the financial details related to the separation from Time Warner. On Thursday morning, he rang the opening bell on the New York Stock Exchange.

"We have the right talent now to make a run at it," Mr. Armstrong said during the UBS Global Media and Communications Conference in New York on Wednesday, capping his investor road show.

Mr. Armstrong's to-do list is daunting, and AOL's prospects as a standalone business are uncertain. AOL is trying to move from its roots as a subscription-based service for logging on to the Internet to an advertising-supported digital media company.

AOL wants people to visit its AOL.com homepage and use its services, such as email and instant messaging, as well as its MapQuest site. It also operates 80-some niche sites, ranging from Spinner for independent music to FanHouse for sports and endgadget for tech news. The company is shooting to have hundreds of such sites in the next couple of years.

At the moment, though, AOL faces double-digit declines in subscription and advertising revenues as well as drop-offs in traffic to its sites—the businesses where last year it got most of its profit and much of its revenue.

With AOL's Internet access business dwindling—revenue fell 28% for the first nine months of 2009—Mr. Armstrong is deploying new systems to streamline the process for producing content and selling digital ads.

The company faces fierce competition. AOL underperformed its online advertising rivals in the U.S. in 2008 and continues to do so this year, according to Sanford C. Bernstein analyst Michael Nathanson.

As it attempts to clean up its current products and services, AOL's competitors are moving quickly. Microsoft and Yahoo announced an alliance for search advertising in July. Google recently launched a new technology to make it easier for selling graphical ads over the Internet, a direct challenge to AOL's advertising plans.

Thursday morning, AOL shares, which previously had been traded on a "when issued" basis, stood at about $23.30, down 37 cents.

CORPORATE NEWS

Tiger Woods sponsors will wait and see

By Emily Steel And Suzanne Vranica

Associated Press

Tiger Woods displayed the swoosh trademark of athletic-apparel sponsor Nike during the 2008 Masters golf tournament in Augusta, Ga.

As the din over Tiger Woods's car accident and alleged extramarital affairs grows louder, most of the golfer's corporate sponsors appear to be taking a page from the sports-marketing playbook: Wait to gauge any long-term fallout from the scandal and consider letting contracts lapse when they come up for renewal.

Advertisers can't make "knee-jerk" decisions when crises like these hit, because "it's hard in the world of 24 hours of instant information to know you have the complete story," says Tony Pace, chief marketing officer for the Subway sandwich chain, part of Doctor's Associates. Earlier this year, Subway had to decide whether to stick with Michael Phelps after a photo surfaced of the Olympian smoking marijuana. Ultimately Subway continued its sponsorship of the swimmer.

"There's always more that comes out, as [the Tiger Woods] situation obviously indicates," Mr. Pace adds.

Controversies surrounding major athletes aren't unusual, from quarterback Michael Vick's conviction on dogfighting charges to the steroid scandals involving baseball stars like Alex Rodriguez of the New York Yankees. But celebrity endorsements remain an important promotional tool for marketers.

For athletes, they are a big business. Mr. Woods alone rakes in roughly $100 million a year on his endorsement deals, according to people familiar with them.

Advertisers do have some protections. Major endorsement pacts typically include a "morality clause" that gives the sponsor a way out. Still, companies often hang on, sports-marketing executives say. Most sponsors, including Subway, **Visa** and **Swatch Group**, stood by Mr. Phelps. **Kellogg** was an exception, severing its ties with him for behavior "not consistent with Kellogg's image."

On Wednesday, representatives of **Nike**, **Procter & Gamble**'s Gillette, videogame maker **Electronic Arts**, **PepsiCo**'s Gatorade sports drink and laser-eye surgery chain **TLC Vision** said their relationships with Mr. Woods hadn't changed. (Pepsi said its recent decision to drop a Gatorade product named for Mr. Wood's wasn't related to the scandal.) Jet-rental company **NetJets** said Monday that it continued to support Mr. Woods.

AT&T and sports-collectible retailer Upper Deck declined to comment. Consulting-firm **Accenture** and watch maker Tag Heuer, an **LVMH Moet Hennessy Louis Vuitton** unit, couldn't be reached for comment.

Behind the scenes, these advertisers are likely to be tracking how sales and consumer perceptions are being affected by the scandal, sports-marketing executives say. Consumers are disappointed by Mr. Woods's alleged behavior, and the golfer is generating a good deal of negative buzz, according to a study released Tuesday by Millward Brown, a brand-research agency owned by ad company **WPP**. It will take some time to undo the damage, the agency said.

But it is "grossly premature" to assess the extent of any long-term damage to Mr. Woods's reputation and the impact on a given brand, says Kevin Adler, founder and president of Engage Marketing, a Chicago sports and entertainment marketing firm. "Superior performance on the field of play has the very real potential to re-establish Tiger's brand," he said.

Representatives for Mr. Woods couldn't be reached for comment.

Marketers can get burned by reacting too quickly to a publicity crisis. A unit of Italian apparel maker Fila Holding dropped Sacramento Kings forward Chris Webber as an endorser in 1998, only to be sued because he had merely been charged with—not convicted of—marijuana possession. Fila was ordered in 1999 to pay Mr. Webber $2.61 million in lost endorsement fees. The athlete went on to work for a rival.

The holiday season will be telling for Mr. Woods's sponsors, says Bob Williams, chief executive at Burns Entertainment & Sports Marketing Inc., which represents companies that hire celebrity endorsers. "There are an awful lot of moms who would be purchasing Tiger Woods EA games, Gillette products for the men in their lives and Gatorade drinks for their family," Mr. Williams says. "There are a lot of buying decisions here that are being made by wives, who I think may view Tiger in the most negative light of any particular group."

Marketers are likely to hold off on launching any new ad campaigns featuring the golfer—or even quietly phase out ads built around him, sports-marketing experts say. "It doesn't behoove any brands to feature Tiger right now," Mr. Williams says.

They also say sponsors are likely to have more bargaining power with Mr. Woods when his deals come up for renewal, and he may find new deals harder to land.

Inditex plans big expansion in Asia

By Christopher Bjork

MADRID—Spanish retailer **Inditex** SA, the owner of Zara, on Thursday stepped up its commitment to expand in fast-growing Asian markets as it reported a smaller-than-expected 1% drop in net profit for the first nine months of the year.

Inditex Chief Executive Pablo Isla said the fashion company expects roughly half of all new Zara store openings in the next few years to be in Asia, with a particular focus on China. The company also plans to open its first Zara in India early next year, he said, with five openings planned within a year, first in New Delhi and Mumbai, then progressively in other cities.

Net profit fell to €831 million ($1.22 billion) in the nine months to Oct. 31 from €843 million a year earlier, partly due to higher costs to fund international expansion.

Revenue rose 6% to €7.76 billion, while operating costs increased 7.2% to €2.87 billion.

Bargain hunters continue to be drawn to the retailer in the weak global economy, lured by Inditex's ability to get the latest catwalk fashion into stores faster than rivals and at a fraction of the price of designer names. Inditex, which also own brands like Bershka, Stradivarius, Pull & Bear and Massimo Dutti, said sales between Aug. 1 and the first week of Dec. 6 rose 9% when measured in local currencies.

While it scaled down expansion this year due to the economic downturn, the Galicia-based company still opened 266 stores in the first nine months of its fiscal year, including 90 in Asia. "These store openings reflect the strategic importance of Asian markets for the group and underscore a year of robust growth in China, Japan and South Korea," the retailer said. Inditex now has 60 stores in China and 50 in Japan.

The company, which has a total 4,530 stores in 73 countries, decided three years ago that it wanted to grow faster in Asia over the long term than in other regions. Rival Gap Inc. —which Inditex is expected to overtake this year as the world's largest fashion retailer by sales—has long had a large presence in Japan with more than 100 stores, but the U.S. company hasn't gone to the faster-growing China or to other Asian markets.

Another rival, **Hennes & Mauritz** AB, meanwhile, opened its first store in Hong Kong in 2007, and the Swedish retailer now has 27 stores in China and 6 in Japan. It is also set to open its first store in South Korea next year, a market Inditex entered a year ago.

According to research by Société Générale, some 32% of Inditex's sales comes from outside mature markets like Western Europe and North America.

Steelmakers fight iron-ore venture

Continued from page 17

tors that they won't share pricing information or strategy when negotiating with steelmakers for ore purchases. The companies already have agreed to scrap a plan that would have allowed them to market a portion of the iron ore jointly.

"This is a production joint venture only," said Robin Walker, a spokesman for Rio Tinto. "It will enable BHP Billiton and Rio Tinto to deliver more ore to the market faster and at lower cost by unlocking the synergies between their two businesses. There will continue to be complete independence in their marketing and commercial strategies, as is the case today."

BHP says the joint venture will benefit steel makers because it will allow both miners to operate more efficiently and produce more iron ore.

Steelmakers aren't buying that reasoning.

"I find it inconceivable that the two parties when they are in negotiations to sell iron ore to steel companies would not know what the production was, what the capacity was or how much was going to market with whom they would market," said Gordon Moffat, director general of the European Confederation of Iron and Steel Industries. "Therefore it seems that it would be absurd to argue there is no joint commercial activity."

The venture—which would involve almost all the ore produced by the two companies—could reduce costs through shorter trips by railroad and better allocation of port capacity, combining adjacent mines into single operations and allowing the two to work together to develop expansion projects.

Mining analysts say that while BHP and Rio face an uphill battle to gain approval, they could convince regulators that production and distribution would be improved and steelmakers would benefit.

For ex-Madoff workers: What now?

Even those with no suspected connection to the Ponzi scheme say their careers there will continue to haunt them

By Aaron Lucchetti

Emile Wamsteker for The Wall Street Journal

Bernard Madoff's former assistant, Eleanor Squillari, left, hopes to start a new career in cosmetology. She knows she'll 'never get a job in finance.'

Associated Press

Peter Madoff, brother of Bernard

Exactly one year ago, Bernard L. Madoff's two sons turned him in for running the biggest Ponzi scheme ever. Now they are trying to move on. But that is a nightmare for most people with the word "Madoff" on their résumé.

THE MADOFF FRAUD

Out of work since federal agents arrested their father, Andrew and Mark Madoff have been wrestling with what to do next, according to people who have spoken with them or other Madoff family members.

Mark Madoff, who worked at **Bernard L. Madoff Investment Securities** LLC for more than 20 years, climbing the ladder to director of proprietary trading, recently met with at least two Wall Street contacts to get their opinions on whether he could find another job in finance, people familiar with the discussions say. He talked about working on a trading desk or in trading technology, asking one person to keep him in mind if he hears of any openings.

"He's untouchable in any firm that deals with the public," says someone who talked to Mr. Madoff. He was near tears while describing his feelings about his father, the person added, asking why anyone would bring his son to work at a crooked investment firm. Another person approached by the 45-year-old Mr. Madoff was told by his lawyer not to respond.

Meanwhile, Andrew Madoff, director of trading when the New York securities firm collapsed, has considered starting a firm involved in disaster recovery, according to someone who has talked to some of his relatives.

A similar struggle grips dozens of other Madoff employees who are frequently confronted with the notoriety, shame and anger now synonymous with a firm that seemed to hum along quietly and profitably until the colossal fraud fell apart. Even workers with no suspected connection to the Ponzi scheme say their careers there have come back to haunt them, with no end in sight.

"I'll never get a job in finance, and I'm one of the lucky ones," says Eleanor Squillari, Bernard Madoff's assistant for many years. She went to beauty school this summer and plans to seek work at a hair salon while selling her handmade jewelry.

Ms. Squillari, 59, lives in a two-bedroom apartment in the New York City borough of Staten Island, near the house she had to sell earlier this year.

It makes her angry that former co-workers linked to the fraud still have their big houses and expensive cars. (Ms. Squillari co-wrote an account of her time at the Madoff firm for Vanity Fair magazine, for which she was paid about $50,000.)

Elaine Solomon, the former assistant to Peter Madoff, the brother of Bernard Madoff who was chief compliance officer at the firm, says she has tried to get other jobs. No one will hire her. "I need someone who doesn't care about Madoff," she says.

Ms. Solomon is trying to recover more than $200,000 that she invested in the Ponzi scheme for her mother. But she has found that Madoff employees who lost money in the fraud have to take extra steps before they can get paid, she says.

A spokesman for the trustee handling investor claims, Irving Picard, said employee claims have been evaluated using criteria that include the person's position at the firm and how well they knew Bernard Madoff and his family.

About 30 of the roughly 200 employees at the firm went to **Surge Trading** Inc., a New York company that bought the assets of Mr. Madoff's trading business. The operation was the heart of the company until the early 2000s and relatively independent from the fraudulent asset-management unit.

Surge has moved into part of the firm's headquarters in Midtown Manhattan's Lipstick Building, one floor above where U.S. investigators have been slogging through their probe. Among the firm's challenges, according to a person familiar with the company, is persuading clients to do business with people previously employed by Mr. Madoff's firm.

Most of the signs showing that the Madoff firm was ever on the floor are gone.

Mr. Madoff's family members and former employees still are peppered with questions about who knew of the fraud or should have known. It is a constant reminder of the many questions left unanswered by Mr. Madoff's 150-year prison sentence in June.

The two Madoff sons haven't been charged with any wrongdoing by federal prosecutors. Mr. Picard, the court-appointed trustee, has sued to recover at least $198.7 million that he claims four Madoff family members received in compensation and falsified transactions.

"We strongly disagree with the trustee's baseless claims," Martin Flumenbaum, a lawyer for Andrew and Mark Madoff, said in a statement. "Mark and Andrew Madoff had no prior knowledge of Bernard Madoff's crimes and contacted the U.S. Department of Justice and the SEC immediately after their father told them he had defrauded his investment-advisory clients. By immediately turning him in, the brothers saved the victims of the fraud more than $170 million that their father was about to distribute."

Both sons bought houses in recent years with money loaned to them by their father. Those loans were inherited by the U.S. attorney's office and must be repaid starting next year. Mark and Andrew Madoff expect to give up some of their assets, a person close to them says.

Shana Madoff Swanson, a former compliance lawyer at the firm, recently had a baby, according to people who know her, and Peter Madoff has told one associate that he is "forcibly retired."

Bernard Madoff's wife Ruth has been staying with relatives or friends since the couple's penthouse apartment was forfeited to help cover investor losses. The two sons haven't been in touch with her, people who have spoken with them say.

Madoff auditor plea suggests other probe

By Amir Efrati

Federal prosecutors have shown no signs they will charge Bernard Madoff's family members with being part of the Ponzi scheme. But legal observers said some of his relatives are vulnerable to other potential charges, including tax fraud.

Last month, the outside auditor of Mr. Madoff's business, David Friehling, pleaded guilty to signing off on sham audits and filing false tax returns for Mr. Madoff and other unnamed Madoff investors. The tax charges were added just before the plea. That move by the U.S. government indicates prosecutors may be using Mr. Friehling to build criminal tax-fraud cases against some of his former clients, according to former prosecutors not involved in the case.

Among Mr. Friehling's clients were Mr. Madoff's sons, Mark and Andrew, and Mr. Madoff's brother, Peter, according to people familiar with the matter. He also filed returns for non-family members.

"The last-minute addition of these tax charges strongly suggests that the government is building tax cases against Mr. Friehling's clients," said Amy Walsh, a former federal prosecutor who is now a defense lawyer at Kostelanetz and Fink LLP.

Mark Madoff and Andrew Madoff helped run the Madoff firm's market-making division, which facilitated trades between institutional investors and wasn't part of their father's investment operation. Peter Madoff was the chief compliance officer for the entire Madoff firm.

Martin Flumenbaum, a lawyer for Mark and Andrew Madoff, said they had no knowledge of their father's crimes until he confessed to them, and they immediately contacted authorities and are cooperating fully in the investigation. A lawyer for Peter Madoff didn't respond to requests for comment.

A spokeswoman for the U.S. Attorney's Office in Manhattan and a lawyer for Mr. Friehling declined to comment. Mr. Friehling said at his plea hearing that he had no knowledge of the Ponzi scheme.

Tax-fraud cases often involve allegations of failure to declare income or making false deductions.

In October, a court-appointed trustee, Irving Picard, who is trying to recoup $19.4 billion in losses for Madoff victims, sued four Madoff family members, including Peter, Mark and Andrew, saying they used the firm as a "piggy bank" to pay for personal expenses such as homes, cars and boats, as well as credit-card charges for restaurants and vacations.

The Madoff family members haven't made legal filings in response to Mr. Picard's suit. Mr. Flumenbaum said Mark and Andrew Madoff "strongly disagree" with the trustee's claims.

Some legal observers said Peter Madoff and daughter Shana Madoff, who also worked at the firm as a compliance officer, could face criminal charges if they assisted in completing a form filed with the Securities and Exchange Commission that the trustee claims provided incorrect details about the firm's investment operation.

According to the trustee's lawsuit, Peter and Shana Madoff assisted in filing a form that said the firm's investment arm had 23 customer accounts and $17 billion in assets as of January 2008. In fact, the firm had more than 4,900 accounts with a purported value of $68 billion, though much of that was based on phantom profits from trades that never took place. The trustee's lawsuit didn't provide more details about the allegation.

If Peter and Shana Madoff knew the form contained false information, "that could be sufficient for criminal prosecution as having aided and abetted a fraud," said Tom Hazen, a law professor at the University of North Carolina at Chapel Hill. A representative for Ms. Madoff declined to comment.

The trustee offered no evidence about the alleged participation by Peter and Shana Madoff in filing the SEC form.

Meanwhile, Mr. Picard alleged in his October lawsuit that Peter Madoff invested $32,146 into his own investment accounts at the Madoff firm, yet was able to withdraw more than $16 million through the fabrication of stock trades that never took place, the trustee alleged.

Andrew Madoff invested just under $1 million into his investment accounts yet withdrew $17 million through "brazenly fabricated transactions," the trustee alleged.

The civil suit doesn't provide evidence that Peter or Andrew Madoff manipulated the accounts but said that given their financial experience, they "knew or should have known" about the irregularities.

One person has pleaded guilty to conspiring with Mr. Madoff, Frank DiPascali, and his cooperation with prosecutors appears to be yielding results. Mr. DiPascali hopes to get a lighter prison sentence in exchange for his cooperation, his lawyer has said. Information provided by Mr. DiPascali, who pleaded guilty to running the day-to-day operations of the fraud, led to last month's fraud charges against two computer programmers who allegedly developed programs they knew would be used to fool clients and regulators, according to a criminal complaint.

According to the complaint against the programmers, other unnamed alleged accomplices at the firm helped facilitate the fraud. That suggests prosecutors likely will charge other former employees in the investment operation, legal observers said.

The spotlight in that investigation is now on individuals such as Annette Bongiorno, a longtime Madoff aide who handled accounts for some of his oldest clients, and four employees who worked directly with Mr. DiPascali in managing accounts, according to people familiar with the matter. A lawyer for Ms. Bongiorno didn't respond to a request for comment.

Bloomberg News

Transurban Group's CityLink toll highway outside of Melbourne.

Australian fund weighs joining Transurban bid

By Bill Lindsay

SYDNEY—Australia's sovereign-investment fund said Thursday it is in talks with two Canadian pension funds about backing their 6.78 billion Australian dollar (US$6.17 billion) bid for toll-road operator **Transurban Group**.

The **Future Fund** said in a statement that the discussions will focus on removing conditions laid out by the Canada Pension Plan Investment Board and the Ontario Teachers' Pension Plan in an Oct. 27 offer to buy Transurban for A$5.25 for each of its securities.

The payment was to be in cash, or as equity in a privatized, unlisted group.

Future Fund Chairman David Murray told Dow Jones Newswires that the sovereign fund wouldn't expect to have a very large stake in any unlisted business that may ensue from a successful bid. "In the end we would expect to have 20% or less," he said.

Transurban, based in Melbourne, rejected the offer, which was pitched at a 20% premium to the firm's share price at the time, saying it didn't provide "appropriate value and certainty." The Canadian funds were seeking to buy the 72% of Transurban they didn't already own.

The proposal, which required the support of the Transurban board before being presented to shareholders, also required that at least 22% of Transurban's shareholders elect to take up a so-called unlisted scrip rollover and top-up alternative for their stake.

A person with knowledge of the deal said the discussions would center on changing that requirement and wouldn't necessarily involve an increase in the value of the offer. Analysts have said the bid would need to be pitched around A$6.00 per security to garner Transurban's support.

"We continue to believe that A$5.25 per Transurban security provides Transurban securityholders with compelling value for their investment," said the two Canadian funds in a joint statement.

The Future Fund said that it hasn't committed itself to making an investment or participating in the proposal. Mr. Murray said the fund's discussions with the suitors were revealed "for interests of transparency."

A Transurban spokeswoman said the firm rejected the offer on Nov. 5. "Nothing has occurred subsequent to our rejection that changes Transurban's view," she said.

Credit Suisse chooses a lawyer, Rohner, as its next chairman

By Goran Mijuk

ZURICH—**Credit Suisse Group** has chosen Vice Chairman Urs Rohner to lead the Swiss bank as its next chairman, succeeding Hans-Ulrich Doerig, who will step down after the annual general meeting in April 2011.

Mr. Rohner, a 50-year-old lawyer, joined Credit Suisse in 2004 as the bank's general counsel and became chief operating officer in 2006. He held those roles until April, when he was elected to the board as vice chairman. He is a member of the governance and risk committee.

Despite Mr. Rohner's relatively limited banking background—he was a partner at Zurich-based law firm Lenz & Staehelin from 1990 to 1999 and led ProSiebenSat1 Media AG as chief executive officer from 2000 to 2004—analysts welcomed the decision.

"Rohner has already been rumored to become chairman this year," said Rainer Skierka of Bank Sarasin. "But to give him more time to understand the bank, Credit Suisse decided to appoint him first as vice chairman before taking the bank fully over."

Analysts and fund managers also said that with Mr. Rohner's appointment, Credit Suisse is likely to continue its current strategy and keep its management team in place under CEO Brady Dougan.

"With the move Credit Suisse maintain its conservative strategy," said Hans-Peter Wiedmer of Berner Pensionkasse. "He did a fine job as chief operating officer and the fact that he is a Swiss citizen will simplify talks with the regulator." Mr. Wiedmer's fund holds about two million Credit Suisse shares.

Unlike rival UBS AG, which was hit hard by the financial crisis, Credit Suisse was able to keep losses in check and even broaden its scope of activity during the crisis.

This gave the bank more time to find a long-term successor for Walter Kielholz, who stepped down from as chairman this year to concentrate on turning around Swiss Reinsurance Co., where he moved up to the chairman's role.

Mr. Doerig, 69, who succeeded Mr. Kielholz, was expected to step down. Swiss market rules recommend board members leave at 70.

UCLA
NUS National University of Singapore
Executive MBA
This busy CFO travels extensively yet is able to achieve
Two World-Class MBAs in 15 Months.
Melvin Chang
Class of 2010
Chief Financial Officer, South Asia
DHL Global Forwarding Management (Asia Pacific), Singapore
Global Learning
• Global participants • Global locations • Global faculty
• 6 sessions • 2x Singapore • 2x Los Angeles
• 1x Shanghai • 1x Bangalore
One-of-a-Kind Format
• 6 sessions • 2 weeks each • Every 3 months
• Ideal for frequent travelers • Unaffected by relocation
Two World-Class MBAs
Graduate with 2 MBAs from
• UCLA Anderson School of Management
• National University of Singapore
Information Sessions
ASIA | AUSTRALIA
Bangalore 19-Nov, Bangkok 8-Dec, Beijing 10-Nov, Delhi 21-Nov,
Hong Kong 16-Nov, Jakarta 21-Nov, Kuala Lumpur 7-Dec,
Manila 17-Nov, Mumbai 21-Nov, Seoul 5-Nov, Shanghai 19-Nov,
Singapore 3-Oct, 5-Nov, 10-Dec, 23-Jan,
Sydney 2-Nov, Taipei 12-Nov, Tokyo 12-Nov
AMERICAS
Hawaii 28-Oct, Las Vegas 1-Dec, Los Angeles 24-Sep, 3-Nov, 2-Dec,
Mexico City 29-Sep, New York 10-Dec, San Francisco 5-Oct,
Seattle 10-Dec, Toronto 8-Dec, Vancouver 28-Sep
EUROPE | MIDDLE EAST
Amsterdam 24-Nov, Dubai 24-Nov, London 12-Sep, Stockholm 9-Dec
Register at www.ucla.nus.edu

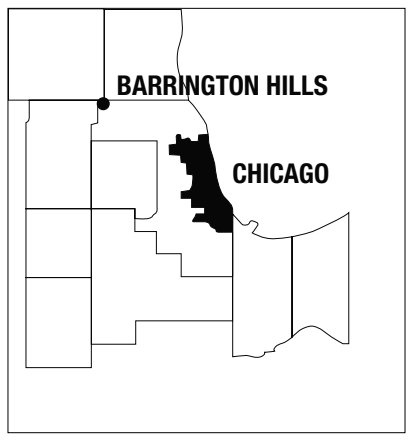
China Entrepreneurs Premier The CEO & CFO Forum
www.ce-premier.com
The CEO & CFO Forum
December 13-15, 2009
Shangri-La's Kerry Centre Hotel
Beijing, China
Private Equity and Hedge Fund investors will engage the most successful Chinese Pre-IPO and Overseas Public company executives in a three day event, bringing you the following opportunities:
• Network with Chinese senior-level professionals
• 1 on 1 company meetings discussing Chinese oriented investment opportunities and strategies
• Enhance your comprehension of Raising Capital and Risk Management in China
• Share dialogue with industry experts addressing new global market dynamics
SPECIAL GUEST SPEAKER
Wesley K. Clark serves as Chairman and CEO of Wesley K. Clark & Associates, a strategic consulting firm; Former US Democratic Presidential Candidate in 2004 and NATO Supreme Allied Commander.
ATTENDANCE FEE & REGISTRATION
• USD $530 (RMB 3600)
To learn more and register, visit : www.ce-premier.com
For further details, email: events@ce-premier.com
Phone : +86 10 6569 1321
Fax : +86 10 8561 1933
* All registrations must first be approved by the Forum's organizing committee
Sponsors
Rodman &Renshaw
DLA PIPER
Deloitte. 德勤
NASDAQ
BOWNE
Official Business Newspaper
THE WALL STREET JOURNAL.

Lord Financial Advisors LLC

Integrated real estate solutions for the financial services industry

♦LENDER NOTE SALE♦

397 +/- ACRE EQUESTRIAN ESTATE IN EXCLUSIVE BARRINGTON HILLS, IL



Barrington Hills is 35 miles northwest of Chicago. Most area homes are on 5+ acre parcels and worth $1M+

- Owner's estate w/separate guest homes | multiple barns | extensive fencing and horse paddock areas | 1/2 mile horse racetrack | staff residence areas | manager's office area.
- The site contains ponds, wooded and natural grasslands and open fields for hay production.
- The subject has a conservation easement that supersedes all zoning. This easement restricts the overall development potential of the subject to a total of 8 development parcels (intended to preserve space).

PRICED TO CLOSE BY YEAR-END, LENDER MAY CONSIDER FINANCING

OFFERS DUE WEDNESDAY DECEMBER 16, 2009
CLOSING BY DECEMBER 29, 2009

Also Offered: $150 Million Note & REO Sale

35+ Assets Available Individually or In Custom Bulk Packages

Office, Retail, Industrial, Multi-Family, Land, REO, More....

THIS INFORMATION IS SUBJECT TO POSSIBLE ERRORS, OMISSIONS, CHANGES AND WITHDRAWAL WITHOUT NOTICE.

312.944.6270
Keith Lord | John Suzuki
info@lordfinancial.com
www.lordfinancial.com

RETAIL BROKERS NETWORK

MARKETS

No cash bonuses for 30 at Goldman

Bank alters its compensation rules as pressure mounts over pay; shareholders get advisory vote

By Joe Bel Bruno

Goldman Sachs Group Inc. said its top 30 executives won't receive a cash bonus for 2009 as the Wall Street bank appeared to bow to public pressure about runaway compensation packages.

The move, approved by Goldman's board, is an attempt to quell public criticism about multimillion-dollar bonus packages expected to be doled out this year. The firm's 31,000 employees are on track to earn an average of more than $700,000 each this year, the most in its 136-year history.

Investors will also get a say on pay. Goldman said shareholders will get an advisory vote on the company's compensation policies. The firm has been in private discussions with major investors during the past several weeks in an effort to ward off backlash over its compensation pool.

Bloomberg News

Lloyd Blankfein says Goldman's pay policies are the strongest in the industry.

Lloyd Blankfein, Goldman's chairman and chief executive, has given a number of speeches about compensation since the company's annual meeting earlier this year. The changes to compensation for the bank's 30-person management committee are part of his plan to better align payouts with long-term performance and the interests of the firm.

The investment bank, considered to be the most profitable in Wall Street history, saw its third-quarter profit soar as rallying equity markets led to trading gains and strong investment performance. The firm set aside $5.35 billion for benefits and compensation during the quarter, putting bonuses on track to set a record this year.

Wall Street has come under severe criticism in the wake of last year's meltdown. Some regulators and investors have said the Street's compensation regime led its players to focus excessively on short-term gains.

Responding to those calls, Goldman's board voted to make all discretionary compensation for the committee, which comprises all global divisional and regional leadership, in the form of shares at risk, which must be held for five years. The new compensation arrangement also includes a stronger provision allowing Goldman to take back the shares in cases where an employee failed to properly account for risk.

—Jay Miller contributed to this article

SEC investigates takeovers

By Jenny Strasburg And Kara Scannell

Pfizer Inc.'s takeover of **Wyeth** Corp. and **Merck** & Co.'s acquisition of Schering-Plough Corp. are two of at least nine transactions under investigation by the U.S. Securities and Exchange Commission for possible insider-trading violations, people familiar with the matter said Wednesday.

The Wall Street Journal reported last week that the SEC recently sent about three dozen subpoenas to hedge funds and brokerages, looking at whether deal advisers and traders illegally shared confidential information, according to people with knowledge of the inquiries.

On Wednesday, new details about the specific deals under investigation emerged. In addition to the Pfizer and Merck transactions, the SEC is asking about drug maker **Abbott Laboratories**' acquisition of medical-equipment-maker Advanced Medical Optics and drugmaker **Eli Lilly** & Co.'s acquisition of biotechnology company **ImClone Systems** Inc.

The inquiries also go beyond drug-company deals, these people said. The SEC is asking questions about trading around retailer **Best Buy** Co.'s 2008 acquisition of digital-music service Napster Inc.; investment firm **Triarc** Cos.' acquisition of hamburger chain Wendy's International Inc.; and software maker **Ansys** Inc.'s takeover of Ansoft Corp.

The investigations are part of an effort to better understand how people meet and communicate with one another—and swap information—among banks and Wall Street trading floors. People who have seen the subpoenas say hedge-fund executives are being asked to hand over appointment books and business-contact lists, in addition to phone and email records.

The SEC is looking at when traders, bankers and others held meetings either in person or over the phone, and how those meetings coincided with progress in deal talks and the timing of trades, a person familiar with the matter said. It isn't clear whether the subpoenas are related to the insider-trading case unveiled in October involving New York hedge fund **Galleon Group**.

Other transactions named in the recent SEC subpoenas include retailer **Sears Holdings** Corp.'s aborted pursuit of **Restoration Hardware**, and the privatization of nursing-home operator **Genesis HealthCare** Corp. by private-equity firms **Formation Capital** and **JER Partners**. Those deals date back to 2007.

Representatives for Best Buy, Eli Lilly, Napster and **Wendy's/Arby's Group** declined to comment. A spokesman for JER Partners said the firm cooperated with an SEC inquiry involving the Genesis HealthCare deal in 2007, but JER Partners hasn't heard from the SEC this year. He said Genesis executives were contacted by the SEC this year, but it isn't clear whether that inquiry is connected to the recent subpoenas.

A Sears spokesman said the company wasn't aware of any such inquiry. Pfizer, Merck, Abbott, Ansys, Formation and Genesis didn't respond to requests for comment.

An SEC spokesman declined to comment.

Some of the recent subpoenas focus on specifics of investment bankers' involvement in deals, including **Goldman Sachs Group** Inc. bankers' roles in roughly a dozen health-care transactions since 2006, say people with knowledge of the inquiries. Investigators also have asked about other advisory firms, said these people, but the firms' names couldn't be learned.

Hedge funds bet against Europe's 'Piigs'

Continued from page 17

members of the euro zone: Portugal, Italy, Ireland, Greece and Spain, a group that traders have given the disparaging acronym of "Piigs."

Some hedge-fund investors foresaw problems for nations like Greece and spent the last year buying up credit-default swaps on debt issued by such governments.

The goal is to buy the swaps when such protection is relatively cheap and sell them when debt worries erupt, sending such prices higher.

Some investors are betting bond prices of specific countries would fall, or that stocks and currencies would suffer in the wake of debt worries.

North Asset Management LLP, a London hedge-fund firm, has been betting that the bonds of Spain and Italy will decline, given their fragile economies and large deficits.

Such bonds have been hit in recent days.

In the wake of the S&P announcement, the risk premium that investors demand for holding 10-year Spanish government bonds compared with German government bonds, which are seen as safe, rose to 0.67 percentage point, up from 0.59 a day earlier.

As for Greece, bond prices there have already fallen considerably, sending yields higher. The next trade there could be to bet that local shares will keep falling, says North's George Papamarkakis, as the impact of the ratings downgrade makes borrowing harder for local banks, which filters down to the actual economy.

Since at least 2007, Monaco-based hedge-fund manager Pivot Capital Management has been focused on the potential for unpleasant surprises in countries such as Spain, Portugal, Italy and Greece, as well as the Baltic States, Hungary and Poland.

"We think Europe's got many more problems which will come to light," said Carl George, a manager at Pivot Capital. "There are a lot of issues to be sorted out with government budget deficits still too high."

That approach paid off big-time last year, when the firm's main fund was up about 52%.

Those results included successful bets using credit-default swaps on the deteriorating financial health of Greece and Portugal, as well as a wager against Iceland's ill-fated currency.

This year has been harder going for Pivot, but its performance has improved in recent months as the price of insuring government debt against default has risen. The fund was up about 5% this year through the end of October.

THE MART

BUSINESS OPPORTUNITIES

ENERGY SERVICES COMPANY

$10MM 2009, $7MM Backlog

Lender orders new investment or immediate sale of award-winning energy services company serving U.S. and Canada. Two complimentary revenue streams: Building Automation Controls and Energy Optimization divisions. Protected customer base and Government short-list approvals. Will be well-bought.

For more information please contact:
Equity Partners, Inc.
866-969-1115 ext. 6 • debbie@equitypartnersinc.com

BUSINESS OPPORTUNITIES

Own an Energy Conservation Business

Energy Automation Systems, Incorporated. Tap into decades of experience and skill to enjoy an exciting and profitable career as an independent EASI affiliate.

For information call 615-822-7250 or www.energysavingbusiness.com

SALE - LEASE
FIRST CLASS TRAVEL PLAZA
I-75 Exit 97, Cordele, GA, USA, corridor to Florida. Prime tourism/trucking multi use real estate, 18 acres, pin corner, mile frontage, billboards. Will finance.
L.J. Perlis 229-805-0410

Producing Oil & Gas Royalties For Sale by Owner
960 acre unit in Oklahoma. Great monthly royalty income. Steady income. 28% ROI historically. Monthly income $1,000. Principals only.
214-991-4699 or alanmay2001@gmail.com

Options.com Domain Name
Unique opportunity to acquire the Options.com and StockOptions.com financial domain names. Own the best online real estate for financial options, as Hotels.com and Cars.com do for hotels and cars online. Serious inquiries only.
options@LOFFS.com

BUSINESS SERVICES

Need a Plan to Launch, Acquire or Expand a Business?
Since 1974 our institutional business plans have raised billions in equity and debt funding for our clients worldwide!
www.StillmanGeorge.com
1.800.270.3954

CAPITAL WANTED

Investors Wanted
Universal Land Investment & Development, LLC
California Bargain Priced Real Estate. Once in a lifetime opportunity to buy below replacement cost properties (finished build able lot subdivisions and commercial properties) at a small fraction of original prices. Investors, JV partners wanted with $1 million to $50 million. Offered by a highly rated attorney and real estate company with over 75 yrs. of investment experience.
Contact: Anthony Smernes:
Tel 916-719-3297 Fax-916-928-3050
anthony@smernes.com
Daniel Nickels: 209-988-3399

Las Vegas, NV
Commercial Developer seeking $5 MILLION to purchase Discounted Bank Notes.
PHD Properties, Inc.
Phil Davis, Pres/Broker
702-873-1167
www.phdproperties.com

Carbon Credits Project
A developer of Global Green House Gas Projects to create carbon Credits as per United Nations Frame work requires capital to procure equipment for a coal mine project that will generate tradable carbon credits. Respond via email to: **agovil@cemtrex.com or call: +1-516-816-1400**

TRAVEL

SAVE 60% FIRST/BUSINESS
Major Airlines. Corp. Travel
www.cookamerican.travel
(212) 201-1824
Cook **American Express Rep.**

Treasury prices slide

By Deborah Lynn Blumberg And Emily Barrett

NEW YORK—Treasury prices slipped Thursday as concerns over sovereign-credit ratings subsided and as market participants geared up for Treasurys' final auction of the week.

U.S. CREDIT MARKETS

The U.S. government will sell $13 billion in previously sold 30-year Treasurys later Thursday, to follow the three- and 10-year notes sales of the previous two days.

Treasury market participants were cautious heading into this last round, after a disappointing 10-year reopening Wednesday that attracted below-average interest from foreign investors. Traders blamed the lackluster demand on a sparse marketplace at year-end, and the recent higher cost of Treasurys, rather than to dwindling appetite. Treasurys had strengthened before the 10-year sale, reversing the sharp price declines posted on last week's surprisingly good November payrolls report.

In midday trade, the two-year note was down 2/32 point at 99 30/32 to yield 0.7820%, and the 10-year was 14/32 lower at 99 4/32 to yield 3.4798%. The 30-year bond was down 25/32 at 98 20/32 to yield 4.4585%.

Earlier Thursday, the latest jobs figures reinforced the continued fragility of the labor markets. Though the figures were generally market supportive, they were offset by ebbing concerns about credit risk internationally following statements from Greek and Spanish leaders.

Yen, dollar take a turn lower

By Fabio Alves

The dollar turned lower against higher-yielding currencies as demand for riskier assets resurfaced.

Commodity-linked currencies such as the New Zealand, Australian and Canadian dollars rallied overnight on the back of a drop in the unemployment rate in Australia and signs from New Zealand's central bank that it may remove monetary stimulus by mid-2010. The Swiss National Bank also took steps in that direction.

CURRENCY MARKETS

The euro rebounded as New York trading got under way.

"Risk appetite picked up somewhat. That's why the dollar and the yen are underperforming," said Vassili Serebriakov, a foreign-exchange strategist at Wells Fargo.

Late Thursday morning in New York, the euro was at $1.4725 from $1.4730 late Wednesday. The dollar was at 88.27 yen from 87.86 yen, while the euro was at 129.98 yen from 129.41 yen.

The pound was at $1.6253 from $1.6270. The dollar was at 1.0265 Swiss francs from 1.0263 francs late Wednesday.

Five-year JGBs get solid bids; supply worries

By Megumi Fujikawa

TOKYO—An auction of new five-year Japanese government bonds went smoothly Thursday, despite a low coupon, reflecting strong demand for the policy-sensitive notes after the Bank of Japan eased policy further last week.

BOND MARKETS

Japan's Ministry of Finance sold nearly 2.2 trillion yen ($25 billion) of the five-year government bonds at a low price of 100.15 yen, in line with traders' expectations, yielding 0.469%. The average price was 100.17 yen, yielding 0.465%. The new issue carries a coupon of 0.5%, the lowest since mid 2005.

"Today's auction turned out to be the first to confirm solid demand for the [five-year] notes" after the central bank introduced new fund-provision steps last week, Credit Suisse strategist Akito Fukunaga said.

On Dec. 1, the Bank of Japan announced a new liquidity-provision measure to lend a total of around 10 trillion yen in three-month funds at a 0.1% fixed rate. Under the new measure, the central bank will accept government and corporate bonds, commercial paper and loans on deeds as collateral.

But the smooth five-year auction failed to push up bond prices in the secondary market, as some players had expected the auction to deliver even better results, analysts said.

The tail, a measure of demand that looks at the difference between the average price and the lowest accepted price, was unchanged at 0.02 compared with the previous tender in November. A short tail is an indicator of strong demand.

The bid-to-cover ratio was 2.90, lower than the 3.70 at the last five-year tender.

Although the Bank of Japan's super-easy policy stance is providing some support for now, fears over supply increases may start to weigh on the market.

If oversupply concerns revive, the yield on benchmark 10-year cash government bonds could move toward 1.5% by the end of the fiscal year in March, an analyst said. On Thursday, the 10-year yield rose 0.01 percentage point to 1.245%.

FUND SCORECARD

UK Large-Cap Blend Equity

Funds that are fairly representative of the UK large-cap equity market. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending December 10, 2009

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
2	Schroder UK Growth	Schroder Investment Management Lt	GBP	United Kingdom	**72.33**	72.03	-19.88	1.00
4	The Mercantile IT ORD	JPMorgan Asset Management (UK) Limited	GBP	United Kingdom	**65.95**	69.87	-16.98	4.73
4	Temple Bar Inv Tr	Investec Investment Mngmnt	GBP	United Kingdom	**57.49**	69.41	-8.79	4.67
1	Aurora Investment Trust	Mars Asset Management	GBP	United Kingdom	**74.82**	69.02	-18.17	-3.77
3	F&C UK Select Trust	F&C Fund Management Ltd	GBP	United Kingdom	**70.16**	67.25	-17.15	1.28
5	GLG UK Select Equity M	GLG Partners LP	EUR	Ireland	**46.96**	65.11	-0.91	NS
NS	PowerShares Dynamic UK Fund	Invesco Powershares Capital Mgmt LLC	GBP	Ireland	**66.92**	63.70	-20.41	NS
4	Schroder UK Alpha Plus Acc	Schroder Unit Trusts (UK)	GBP	United Kingdom	**65.78**	63.34	-14.63	6.62
4	Scottish Widows UK Select Gr C	Scottish Widows Unit Trust Managers Ltd	GBP	United Kingdom	**60.81**	58.98	-11.80	6.10
5	SWIP UK Opportunities A	Scottish Widows Inv. Partnership Ltd	GBP	United Kingdom	**59.45**	58.40	-9.80	7.17

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
1 Oliver's Yard, 55-71 City Road
London EC1Y 1HQ United Kingdom
www.morningstar.co.uk; **Email**: mediaservice@morningstar.com
Phone: +44 (0)203 107 0038; **Fax**: +44 (0)203 107 0001

Advertisement

INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW the relaxed way to invest									
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	12/10	EUR	52.70	18.7	10.8	-29.8
ALLIANCEBERNSTEIN									
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	12/09	USD	10.16	23.8	25.7	-17.2
Am Eq Blend B	US	EQ	LUX	12/09	USD	9.55	22.6	24.7	-18.0
Am Growth A	US	EQ	LUX	12/09	USD	30.11	31.5	44.9	-8.9
Am Growth AX	US	EQ	LUX	12/09	USD	32.49	32.2	45.7	-8.4
Am Growth B	US	EQ	LUX	12/09	USD	25.33	30.2	43.4	-9.9
Am Growth C	US	EQ	LUX	12/09	USD	27.25	30.9	44.2	-9.3
Am Growth I	US	EQ	LUX	12/09	USD	33.35	32.4	46.0	-8.2
Am Income A	US	BD	LUX	12/09	USD	8.43	24.4	31.5	5.4
Am Income A2	US	BD	LUX	12/09	USD	18.98	24.7	31.6	5.4
Am Income A2	OT	OT	NA	12/09	HKD	147.10	NS	NS	NS
Am Income AT	OT	OT	NA	12/09	HKD	65.26	NS	NS	NS
Am Income AT	US	BD	LUX	12/09	USD	8.42	24.6	31.6	5.3
Am Income B	US	BD	LUX	12/09	USD	8.43	23.5	30.5	4.6
Am Income B2	US	BD	LUX	12/09	USD	16.36	23.8	30.7	4.6
Am Income B2	OT	OT	NA	12/09	HKD	126.80	NS	NS	NS
Am Income BT	OT	OT	NA	12/09	HKD	65.65	NS	NS	NS
Am Income BT	US	BD	LUX	12/09	USD	8.47	23.9	30.7	4.6
Am Income C	US	BD	LUX	12/09	USD	8.43	23.8	30.9	4.9
Am Income C2	US	BD	LUX	12/09	USD	24.33	24.2	31.0	4.9
Am Income I	US	BD	LUX	12/09	USD	8.43	25.1	32.4	6.0
Am Value A	US	EQ	LUX	12/09	USD	8.43	16.9	25.3	-15.9
Am Value B	US	EQ	LUX	12/09	USD	7.76	15.6	24.0	-16.8
Am Value C	US	EQ	LUX	12/09	USD	8.43	16.3	24.7	-16.3
Am Value I	US	EQ	LUX	12/09	USD	9.06	17.7	26.2	-15.3
Emg Mkts Debt A	GL	BD	LUX	12/09	USD	15.54	43.3	52.7	7.4
Emg Mkts Debt A2	GL	BD	LUX	12/09	USD	20.00	43.7	52.8	7.4
Emg Mkts Debt AT	GL	BD	LUX	12/09	USD	15.60	43.7	52.9	7.4
Emg Mkts Debt B	GL	BD	LUX	12/09	USD	15.54	42.1	51.3	6.3
Emg Mkts Debt B2	GL	BD	LUX	12/09	USD	19.27	42.3	51.3	6.3
Emg Mkts Debt BT	GL	BD	LUX	12/09	USD	15.58	42.3	51.3	6.3
Emg Mkts Debt C	GL	BD	LUX	12/09	USD	15.54	42.7	52.1	6.9
Emg Mkts Debt C2	GL	BD	LUX	12/09	USD	19.66	43.1	52.0	6.9
Emg Mkts Debt I	GL	BD	LUX	12/09	USD	15.54	44.0	53.5	7.9
Emg Mkts Growth A	GL	EQ	LUX	12/09	USD	33.56	67.5	76.6	-16.7
Emg Mkts Growth B	GL	EQ	LUX	12/09	USD	28.46	65.9	74.9	-17.5
Emg Mkts Growth C	GL	EQ	LUX	12/09	USD	29.10	66.8	75.8	-17.0
Emg Mkts Growth I	GL	EQ	LUX	12/09	USD	37.18	68.7	78.1	-16.0
Eur Growth A	OT	OT	LUX	12/09	USD	9.77	19.0	18.4	-20.9
Eur Growth A	OT	OT	LUX	12/09	EUR	6.63	19.0	18.4	-20.9
Eur Growth B	OT	OT	LUX	12/09	EUR	5.97	18.0	17.3	-21.7
Eur Growth B	OT	OT	LUX	12/09	USD	8.80	18.0	17.3	-21.7
Eur Growth C	EU	EQ	LUX	12/09	EUR	5.02	18.4	17.8	-21.3
Eur Growth I	OT	OT	LUX	12/09	USD	10.66	19.9	19.5	-20.3
Eur Growth I	OT	OT	LUX	12/09	EUR	7.23	19.9	19.5	-20.3
Eur Income A	OT	OT	LUX	12/09	EUR	6.61	39.1	37.3	3.8
Eur Income A	OT	OT	LUX	12/09	USD	9.74	39.1	37.3	3.8
Eur Income A2	OT	OT	LUX	12/09	EUR	12.84	39.4	37.3	3.8
Eur Income A2	OT	OT	LUX	12/09	USD	18.93	39.4	37.3	3.8
Eur Income AT	EU	BD	LUX	12/09	EUR	6.61	39.4	37.3	3.8
Eur Income B	OT	OT	LUX	12/09	EUR	6.61	38.3	36.4	3.0
Eur Income B	OT	OT	LUX	12/09	USD	9.74	38.3	36.4	3.0
Eur Income B2	OT	OT	LUX	12/09	EUR	11.95	38.5	36.4	3.1
Eur Income B2	OT	OT	LUX	12/09	USD	17.62	38.5	36.4	3.1
Eur Income BT	EU	BD	LUX	12/09	EUR	6.61	38.6	36.4	3.1
Eur Income C	OT	OT	LUX	12/09	EUR	6.61	38.6	36.7	3.3
Eur Income C	OT	OT	LUX	12/09	USD	9.74	38.6	36.7	3.3
Eur Income C2	OT	OT	LUX	12/09	EUR	12.80	38.8	36.8	3.3
Eur Income C2	OT	OT	LUX	12/09	USD	18.87	38.8	36.8	3.3
Eur Income I	OT	OT	LUX	12/09	EUR	6.61	39.7	37.9	4.3
Eur Income I	OT	OT	LUX	12/09	USD	9.74	39.7	37.9	4.3
Eur Strat Value A	OT	OT	LUX	12/09	EUR	8.16	17.2	14.1	-24.5
Eur Strat Value A	OT	OT	LUX	12/09	USD	12.03	17.2	14.1	-24.5
Eur Strat Value I	OT	OT	LUX	12/09	EUR	8.35	18.1	15.0	-23.8
Eur Strat Value I	OT	OT	LUX	12/09	USD	12.31	18.1	15.0	-23.8
Eur Value A	OT	OT	LUX	12/09	USD	12.97	20.9	18.3	-21.5
Eur Value A	OT	OT	LUX	12/09	EUR	8.80	20.9	18.3	-21.5
Eur Value B	OT	OT	LUX	12/09	EUR	8.10	19.6	17.1	-22.3
Eur Value B	OT	OT	LUX	12/09	USD	11.94	19.6	17.1	-22.3
Eur Value C	OT	OT	LUX	12/09	USD	12.55	20.2	17.7	-21.9
Eur Value C	OT	OT	LUX	12/09	EUR	8.51	20.2	17.7	-21.9
Eur Value I	OT	OT	LUX	12/09	USD	14.98	21.7	19.2	-20.9
Eur Value I	OT	OT	LUX	12/09	EUR	10.16	21.7	19.2	-20.9
Gl Balanced (Euro) A	OT	OT	LUX	12/09	USD	16.61	18.9	20.1	-12.8
Gl Balanced (Euro) B	OT	OT	LUX	12/09	USD	16.20	17.8	18.9	-13.6
Gl Balanced (Euro) C	OT	OT	LUX	12/09	USD	16.50	18.7	19.8	-13.0
Gl Balanced (Euro) I	OT	OT	LUX	12/09	USD	16.91	NS	NS	NS
Gl Balanced A	US	BA	LUX	12/09	USD	16.37	23.2	27.1	-11.9
Gl Balanced B	US	BA	LUX	12/09	USD	15.57	22.0	25.8	-12.7
Gl Balanced C	OT	OT	LUX	12/09	USD	16.13	22.8	26.7	-12.1
Gl Balanced C	OT	OT	LUX	12/09	EUR	10.94	22.8	26.7	-12.1
Gl Balanced I	US	BA	LUX	12/09	USD	16.97	24.0	28.0	-11.2
Gl Bond A	US	BD	LUX	12/09	USD	9.34	13.5	16.6	5.1
Gl Bond A2	US	BD	LUX	12/09	USD	16.14	13.6	16.7	5.1
Gl Bond A2	OT	OT	NA	12/09	HKD	125.09	13.6	16.7	5.1
Gl Bond AT	OT	OT	LUX	12/09	HKD	72.31	13.6	16.7	5.1
Gl Bond AT	US	BD	LUX	12/09	USD	9.33	13.6	16.7	5.1
Gl Bond B	US	BD	LUX	12/09	USD	9.34	12.5	15.5	4.0
Gl Bond B2	US	BD	LUX	12/09	USD	14.14	12.5	15.4	4.0
Gl Bond B2	OT	OT	NA	12/09	HKD	109.59	12.5	15.4	4.0
Gl Bond BT	OT	OT	LUX	12/09	HKD	72.54	12.4	15.5	4.0
Gl Bond BT	US	BD	LUX	12/09	USD	9.36	12.4	15.5	4.0
Gl Bond C	US	BD	LUX	12/09	USD	9.34	13.0	16.1	4.6
Gl Bond C2	US	BD	LUX	12/09	USD	14.01	13.1	16.2	4.6
Gl Bond I	US	BD	LUX	12/09	USD	9.34	14.0	17.3	5.7
Gl Conservative A	US	BA	LUX	12/09	USD	14.85	15.2	18.2	-4.9
Gl Conservative A2	US	BA	LUX	12/09	USD	16.91	16.0	18.9	-4.5
Gl Conservative B	US	BA	LUX	12/09	USD	14.85	14.5	17.3	-5.7
Gl Conservative B2	US	BA	LUX	12/09	USD	16.07	14.9	17.7	-5.5
Gl Conservative C	US	BA	LUX	12/09	USD	14.85	14.9	17.8	-5.2
Gl Conservative C2	US	BA	LUX	12/09	USD	16.54	15.5	18.4	-5.0
Gl Conservative I	US	BA	LUX	12/09	USD	14.91	16.0	19.1	-4.2
Gl Eq Blend A	GL	EQ	LUX	12/09	USD	11.47	28.3	32.9	-23.1
Gl Eq Blend B	GL	EQ	LUX	12/09	USD	10.77	27.2	31.5	-23.9
Gl Eq Blend C	GL	EQ	LUX	12/09	USD	11.27	27.8	32.3	-23.4
Gl Eq Blend I	GL	EQ	LUX	12/09	USD	12.10	29.4	34.0	-22.5
Gl Growth A	GL	EQ	LUX	12/09	USD	41.09	27.4	30.9	-23.9
Gl Growth B	GL	EQ	LUX	12/09	USD	34.32	26.2	29.6	-24.7
Gl Growth C	GL	EQ	LUX	12/09	USD	39.44	26.9	30.3	-24.3
Gl Growth I	GL	EQ	LUX	12/09	USD	45.61	28.4	32.0	-23.3
Gl High Yield A	US	BD	LUX	12/09	USD	4.26	57.0	64.6	3.1
Gl High Yield A2	US	BD	LUX	12/09	USD	9.07	57.5	64.6	3.1
Gl High Yield A2	OT	OT	NA	12/09	HKD	70.30	57.5	64.6	3.1
Gl High Yield AT	OT	OT	NA	12/09	HKD	32.71	57.6	64.2	3.0
Gl High Yield AT	US	BD	LUX	12/09	USD	4.22	57.6	64.2	3.0
Gl High Yield B	US	BD	LUX	12/09	USD	4.26	55.1	62.4	1.8
Gl High Yield B2	US	BD	LUX	12/09	USD	14.59	56.0	62.8	2.0
Gl High Yield B2	OT	OT	NA	12/09	HKD	113.08	56.0	62.8	2.0
Gl High Yield BT	OT	OT	NA	12/09	HKD	33.33	56.0	63.3	2.1
Gl High Yield BT	US	BD	LUX	12/09	USD	4.30	56.0	63.3	2.1
Gl High Yield C	US	BD	LUX	12/09	USD	4.26	56.1	63.7	2.6
Gl High Yield C2	US	BD	LUX	12/09	USD	13.45	56.9	63.8	2.6
Gl High Yield I	US	BD	LUX	12/09	USD	4.26	58.0	65.8	3.8
Gl Thematic Res. A	OT	OT	LUX	12/09	USD	14.47	65.4	78.0	-7.7
Gl Thematic Res. B	OT	OT	LUX	12/09	USD	12.67	63.9	76.2	-8.6
Gl Thematic Res. I	OT	OT	LUX	12/09	USD	16.13	66.6	79.4	-7.0
Gl Value A	GL	EQ	LUX	12/09	USD	10.99	29.4	35.0	-22.3
Gl Value B	GL	EQ	LUX	12/09	USD	10.10	28.2	33.6	-23.1
Gl Value C	GL	EQ	LUX	12/09	USD	10.68	28.8	34.3	-22.7
Gl Value I	GL	EQ	LUX	12/09	USD	11.68	30.4	36.1	-21.7
Greater China A	AS	EQ	LUX	12/09	USD	39.81	55.2	60.2	-19.3
Greater China B	AS	EQ	LUX	12/09	USD	35.25	53.7	58.6	-20.1
Greater China C	AS	EQ	LUX	12/09	USD	39.31	54.5	59.4	-19.7
India Growth A	OT	OT	LUX	12/09	USD	124.85	NS	NS	NS
India Growth AX	OT	OT	LUX	12/09	USD	109.12	88.9	104.9	-10.1
India Growth B	OT	OT	LUX	12/09	USD	130.87	NS	NS	NS
India Growth BX	OT	OT	LUX	12/09	USD	93.33	87.1	102.9	-11.0
India Growth I	EA	EQ	LUX	12/09	USD	113.04	89.6	105.8	-9.8
Int'l Health Care A	OT	EQ	LUX	12/09	USD	134.63	14.7	21.9	-10.5
Int'l Health Care B	OT	EQ	LUX	12/09	USD	113.63	13.6	20.7	-11.4
Int'l Health Care C	OT	EQ	LUX	12/09	USD	129.06	14.2	21.4	-10.9
Int'l Health Care I	OT	EQ	LUX	12/09	USD	147.02	15.5	22.9	-9.8
Int'l Technology A	OT	EQ	LUX	12/09	USD	106.00	44.9	46.8	-14.1
Int'l Technology B	OT	EQ	LUX	12/09	USD	91.90	43.5	45.3	-15.0
Int'l Technology C	OT	EQ	LUX	12/09	USD	102.46	44.3	46.1	-14.5
Int'l Technology I	OT	EQ	LUX	12/09	USD	118.80	46.0	48.0	-13.4
Japan Eq Blend A	JP	EQ	LUX	12/09	JPY	5791.00	7.9	18.4	-26.4
Japan Eq Blend B	JP	EQ	LUX	12/09	JPY	5591.00	6.9	17.2	-27.2
Japan Eq Blend C	JP	EQ	LUX	12/09	JPY	5700.00	7.5	17.9	-26.8
Japan Growth A	JP	EQ	LUX	12/09	JPY	5692.00	2.3	11.2	-26.6
Japan Growth B	JP	EQ	LUX	12/09	JPY	5496.00	1.4	10.1	-27.4
Japan Growth C	JP	EQ	LUX	12/09	JPY	5603.00	1.9	10.7	-27.0
Japan Strat Value A	JP	EQ	LUX	12/09	JPY	5850.00	13.4	25.5	-26.6
Japan Strat Value B	JP	EQ	LUX	12/09	JPY	5654.00	12.4	24.2	-27.4
Japan Strat Value C	JP	EQ	LUX	12/09	JPY	5755.00	13.0	24.9	-27.0
Real Estate Sec. A	OT	EQ	LUX	12/09	USD	14.02	31.4	46.2	-19.0
Real Estate Sec. B	OT	EQ	LUX	12/09	USD	12.83	30.3	44.8	-19.8
Real Estate Sec. I	OT	EQ	LUX	12/09	USD	15.06	32.3	47.4	-18.3
Short Mat Dollar A	US	BD	LUX	12/09	USD	7.21	10.5	11.6	-6.4
Short Mat Dollar A2	US	BD	LUX	12/09	USD	9.69	10.6	11.5	-6.5
Short Mat Dollar AT	US	BD	LUX	12/09	USD	7.20	10.7	11.6	-6.5
Short Mat Dollar B	US	BD	LUX	12/09	USD	7.21	10.0	11.1	-6.8
Short Mat Dollar B2	US	BD	LUX	12/09	USD	9.64	10.0	10.9	-6.9
Short Mat Dollar BT	OT	OT	LUX	12/09	USD	7.21	9.4	10.4	-7.2
Short Mat Dollar C	US	BD	LUX	12/09	USD	7.21	10.0	11.1	-6.8
Short Mat Dollar C2	US	BD	LUX	12/09	USD	13.64	10.2	11.1	-6.9
Short Mat Dollar I	US	BD	LUX	12/09	USD	7.21	11.0	12.2	-5.9

Advertisement

[ALTERNATIVE INVESTMENT FUNDS www.WSJ.com] Advertisement

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	10/30	USD	1642.69	69.6	71.6	NS
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	12/02	USD	119.57	19.6	19.4	9.7
PLATINUM CAPITAL MANAGEMENT									
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	09/30	USD	94.24	12.2	-6.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	09/30	USD	59.71	27.4	-18.1	-32.3
Platinm-Nordic	OT	OT	CYM	09/30	SEK	591.49	8.4	-6.2	-19.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7
SUPERFUND									
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	12/01	USD	53.48	-35.8	-32.6	8.8
Superfund GCT USD*	GL	EQ	LUX	12/08	USD	2335.00	-36.1	-36.1	-0.6
Superfund Green Gold A (SPC)	OT	OT	CYM	12/08	USD	1049.12	-9.8	0.1	12.5
Superfund Green Gold B (SPC)	OT	OT	CYM	12/01	USD	1268.02	-5.9	1.8	23.7
Superfund Q-AG*	OT	OT	AUT	12/01	EUR	7509.00	-14.3	-12.8	9.6
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	11/30	EUR	972.73	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	11/30	GBP	976.73	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	11/30	USD	1232.74	-2.8	-1.2	3.7
Winton Futures EUR Cls C	OT	OT	VGB	11/30	EUR	202.11	-1.8	-0.1	9.2
Winton Futures GBP Cls D	OT	OT	VGB	11/30	GBP	218.35	-1.6	0.4	10.2
Winton Futures JPY Cls E	OT	OT	VGB	11/30	JPY	14398.02	-2.4	-0.4	6.9
Winton Futures USD Cls B	OT	OT	VGB	11/30	USD	716.94	-2.2	-0.2	8.9
Allianz Global Investors									
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	12/10	EUR	50.02	28.7	33.0	-13.9
Industria AE	EU	EQ	DEU	12/10	EUR	69.13	32.1	29.0	-18.9
InternRent AE	EU	BD	DEU	12/10	EUR	35.51	4.5	1.2	10.1

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

U.S. stocks get a lift from jobs-report signs

By Geoffrey Rogow And Peter A. McKay

U.S. stocks traded higher Thursday on some positive signs in a mostly mixed jobs report.

Near midday in New York, the Dow Jones Industrial Average was up 75.05 points, or 0.7%, at 10411.87. Of the index's 30 components, 25 were in the green.

ABREAST OF THE MARKET

Leading the blue-chip gains were **Merck & Co.**, up 1.6%, **Walt Disney**, up 3%, and **Alcoa**, up 2.8%.

The Nasdaq Composite index was up 0.6% to 2196.85 and the Standard & Poor's 500-stock index gained 0.7% to 1103.17. Aside from the consumer-discretionary sector, the defensive utilities and health-care sectors were the S&P's leading gainers, continuing a trend that has lasted for much of the past month.

Traders said the push into defensive sectors reflects people trying to slow down their trading and settle positions for the year-end. Still, they said, the S&P 500 is unlikely to add to its nearly 60% run since March led by such sectors.

Energy stocks were among the gainers as the price of crude oil rose 18 cents to $70.85 a barrel on the New York Mercantile Exchange.

Chevron rose 1.5% and **Anadarko Petroleum** added 2.2%.

The market for initial public offerings, however, was in the doldrums, as a deal from one Chinese company was scrapped and another sank in its first hour of trading.

Chinese solar module maker **Trony Solar Holdings** postponed its debut, citing market conditions, while **China Nuokang Bio-Pharmaceutical** Inc. priced poorly and was trading down 6.9% on the Nasdaq.

The Nasdaq's gains were led by Oracle, up 2.8%, **Amazon.com**, up 2.9% and **Dell**, up 1.5%.

European markets

Results from Spanish retailer **Inditex** and an improvement in sentiment towards financial stocks helped stocks close higher, in the first advance of a turbulent week.

The pan-European Dow Jones Stoxx 600 index rose 1% to 243.89, snapping a three-session losing streak. The German DAX index rose 1.1% to 5709.02 and the French CAC-40 index rose 1.1% to 3798.38. The U.K. FTSE 100 index rose 0.8% to 5244.37 after the Bank of England left unchanged its key interest rate and asset-buying program.

Banks were strong. **Crédit Agricole** gained 3.2% and **UBS** rose 2.2%. Hard-hit Greek lenders also recovered, with **Alpha Bank** jumping 7.8% and **National Bank of Greece** climbing 7.1%.

Investors were also buying up Spanish retail giant Inditex, up 3.6%. The firm reported a 1% drop in nine-month profit that nonetheless exceeded analyst expectations.

On the downside, Danish wind turbine maker **Vestas Wind Systems** fell 4.2% after a downgrade to "hold" from "buy" at Danske Bank.

Dubai stocks gain, but banks get ratings hit

By Nikhil Lohade

DUBAI—Dubai's stock market surged Thursday as investors cheered a decision by real-estate giant **Emaar Properties** to ditch a planned merger, but news from ratings agencies made it clear the city-state's troubles aren't over.

"Valuations are extremely low and investors were tempted to dip their toes in the water. Emaar and **Dubai Holding**'s merger being canceled is good for the markets," said a trader at MacSharaf Securities.

After a shaky start, the Dubai Financial Market's benchmark index soared 7% to 1640.76, its biggest one-day gain since February. The gauge has still lost 22% since Dubai World asked for a debt freeze late last month.

Also Thursday, Moody's Investors Service downgraded its ratings on three Dubai-based banks: **Emirates NBD**, **Mashreqbank** PSC and **Dubai Islamic Bank** PJSC, saying their exposure to construction, the property sector and government-related entities is significant and could lead to losses.

Bellwether Emaar rose the maximum amount allowed for the day, surging 15%. The company Wednesday called off its planned merger with Dubai Holdings' real-estate operations, saying it doesn't make economic sense.

Emaar's stock had fallen about 39% since Nov. 30, before Wednesday's announcement.

Nikkei declines 1.4%, led by drops in exporters

By Phani Kumar And Shri Navaratnam

Japanese stocks fell for a third straight session as a stronger yen hurt exporters, while Korean shares gained as program buying drove the market on a day when options and futures expired.

Elsewhere, markets were mixed, with Hong Kong's Hang Seng Index down slightly for its fifth consecutive loss, while Shanghai's composite index edged up on bargain buying of banks after a string of recent declines.

ASIAN-PACIFIC STOCKS

"Heightened concerns over sovereigns as well as lingering earlier developments [related to Dubai's debt woes] seemed to weigh on markets," said Khoon Goh, senior economist at ANZ bank.

Regional resource stocks were weighed down by weakness in commodity prices. In Sydney, shares of **BHP Billiton** dropped 1.5% and **Rio Tinto** shed 1.6%, while **Santos** gave up 5%. **Inpex** slumped 5.3% in Tokyo and **Cairn India** fell 1.2%.

Shipping stocks also fell after the Baltic Dry Index declined Wednesday. **Nippon Yusen K.K.** dropped 2.3% and **Mitsui O.S.K. Lines** lost 2.5% in Tokyo, while **China Cosco Holdings** fell 1% in Hong Kong.

In Tokyo, the Nikkei Stock Average of 225 companies fell 1.4% to 9862.82. Japanese exporters were hurt by a stronger yen, although the currency gave up its gains against major rivals near the end of trading in Tokyo.

Among exporters, **Honda Motor** fell 1.5%, **Nissan Motor** gave up 1.4%, and **Toyota Motor** fell 1.6%.

Suzuki Motor slumped 6.5% on concerns about equity-dilution after the auto maker announced a tie-up with **Volkswagen** on Wednesday.

Sanyo Electric surged 11% to 176 yen ($2) on heavy volume. A market analyst at a Japanese brokerage firm said buying was due partly to a Nikkei report that Sanyo and **Sekisui House** are jointly developing homes equipped with lithium ion batteries and aim to commercialize them as early as 2012. Other analysts added that Sanyo's stock may also be finding support following the Wednesday close of **Panasonic**'s tender offer for Sanyo at 131 yen per share. Sekisui shares edged up 0.1%.

In Hong Kong, the Hang Seng Index fell 0.2% to 21700.04. Chinese automobile and property stocks fell sharply after Beijing said Wednesday that it will roll back some tax incentives.

Dongfeng Motor Group slumped 6% and **Denway Motors** plunged 8.1%, while **Beijing North Star** dropped 2.1% and **Guangzhou R&F Properties** slid 3.5%.

In Seoul, the benchmark Kospi rose 1.1% to 1652.73. Program buying helped reverse losses seen earlier in the day on concerns about the government possibly ending its expansionary measures. **KB Financial Group** climbed 3% and **Hyundai Motor** rose 1.4%.

[Search by company, category or country at asia.WSJ.com/funds] INTERNATIONAL INVESTMENT FUNDS Advertisement

GAM

GAM FUND MANAGEMENT LIMITED
George's Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel +3531 609 3927 Fax +3531 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	12/04	USD	1233.43	21.7	14.0	-9.3
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	12/07	JPY	15580.19	66.2	79.9	0.6
GAM Asia Equity Hedge US	OT	OT	VGB	12/07	USD	291.41	67.0	82.5	2.2
GAM Asia Equity USD	OT	OT	VGB	12/09	USD	649.47	61.8	71.9	-15.1
GAM Asia-Pacific Eq USD	OT	OT	VGB	12/08	USD	1280.08	19.2	36.9	-17.3
GAM Com Glb Bal EUR Op	US	BA	VGB	12/07	EUR	92.97	14.4	17.2	-9.0
GAM Com Glb Bal USD Op	US	BA	VGB	12/07	USD	127.88	14.4	17.2	-9.0
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	12/07	EUR	94.77	19.7	24.0	-16.3
GAM Comp Glb Eq USD Op	GL	EQ	VGB	12/07	USD	127.33	19.7	24.0	-16.3
GAM Comp Glb Gr EUR Op	US	BA	VGB	12/07	EUR	83.61	14.2	17.7	-13.3
GAM Comp Glb Gr USD Op	US	BA	VGB	12/07	USD	126.97	14.2	17.7	-13.3
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	12/04	USD	243.82	33.9	40.2	-13.2
GAM Cross Trading Inc	OT	OT	VGB	11/30	USD	468.62	7.1	7.4	7.0
GAM Diversity CHF Op	OT	OT	VGB	11/30	CHF	94.43	4.4	3.1	-6.8
GAM Diversity EUR Op	OT	OT	VGB	11/30	EUR	649.24	5.2	4.4	-5.2
GAM Diversity USD 2.5XL	OT	OT	VGB	11/30	USD	78.64	9.0	6.9	-19.7
GAM Diversity USD Op	OT	OT	VGB	11/30	USD	681.74	5.2	4.2	-5.8
GAM Dvrsty II CHF Op	OT	OT	VGB	11/30	CHF	99.72	4.2	2.8	-6.6
GAM Dvrsty II EUR Op	OT	OT	VGB	11/30	EUR	139.02	4.8	3.4	-5.4
GAM Dvrsty II USD Op	OT	OT	VGB	11/30	USD	210.62	4.8	3.6	-5.7
GAM DvrstyIII EUR Op	OT	OT	VGB	11/30	EUR	115.80	4.7	3.5	-5.4
GAM DvrstyIII USD Op	OT	OT	VGB	11/30	USD	122.25	4.8	3.6	-5.5
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	12/07	EUR	213.61	8.3	9.0	-5.9
GAM Euro Eq Hdg USD Op	OT	OT	VGB	12/07	USD	198.73	9.1	12.9	-4.3
GAM European Equity USD	OT	OT	VGB	12/09	USD	290.48	24.6	31.1	-15.7
GAM GAMCO	OT	EQ	VGB	12/08	USD	793.73	36.8	52.0	-12.4
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	12/07	EUR	98.44	14.1	14.5	-16.2
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	12/07	USD	103.77	14.6	14.9	-15.5
GAM Gbl Divers USD Inc.	GL	EQ	VGB	12/07	USD	251.73	23.3	32.4	-8.7
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	12/07	USD	290.16	103.2	124.4	20.4
GAM Intrst Trend II	GL	BD	VGB	12/07	USD	93.98	42.2	36.9	-8.0
GAM Intrst Trend Inc	OT	OT	VGB	12/07	USD	249.93	56.9	52.1	-6.6
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	12/07	EUR	115.99	8.6	9.4	-9.1
GAM Japan Eq Hdg USD Op	OT	OT	VGB	12/07	USD	121.28	7.8	14.3	-20.3
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	12/07	JPY	8343.78	8.2	14.7	-20.1
GAM Japan USD	JP	EQ	VGB	12/09	USD	1089.08	5.2	15.7	-19.2
GAM Japan YEN	JP	EQ	VGB	12/09	JPY	8501.78	6.1	14.8	-26.5
GAM Money Mkt EuroOp	EU	MM	VGB	12/09	EUR	51.19	0.1	0.2	1.8
GAM Money Mkt USD	US	MM	VGB	12/09	USD	99.98	0.0	0.0	0.9
GAM Multi-Arb EUR Op	OT	OT	VGB	11/30	EUR	113.60	1.3	-1.0	-8.5
GAM Multi-Arb USD Op	OT	OT	VGB	11/30	USD	118.62	1.6	-0.8	-8.8
GAM Multi-China EUR Op	OT	OT	VGB	11/30	EUR	164.98	11.1	11.4	-9.4
GAM Multi-China USD Op	OT	OT	VGB	11/30	USD	173.49	11.7	12.0	NS
GAM Multi-Emer Mkts GBP	OT	OT	VGB	11/30	GBP	128.86	23.2	21.7	-2.9
GAM Multi-Emer Mkts USD	OT	OT	VGB	11/30	USD	638.35	23.2	21.7	-3.2
GAM Multi-Eur EUR Op	OT	OT	VGB	11/30	EUR	266.55	6.2	4.9	-9.7
GAM Multi-Eur II EUR Op	OT	OT	VGB	11/30	EUR	137.15	6.2	4.8	-10.5
GAM Multi-Eur II USD Op	OT	OT	VGB	11/30	USD	112.19	5.8	4.4	-11.4
GAM Multi-Eur USD Op	OT	OT	VGB	11/30	USD	464.06	5.9	4.5	-10.5
GAM Multi-Nth Am EUR Special	OT	OT	VGB	11/30	EUR	132.60	11.3	11.1	-4.3
GAM Multi-Nth Am USD Special	OT	OT	VGB	11/30	USD	216.03	11.6	11.8	-4.4
GAM Multi-Pac EUR Op	GL	EQ	VGB	11/30	EUR	141.03	3.5	3.3	-5.1
GAM Multi-Pac USD Op	OT	OT	VGB	11/30	USD	162.80	3.6	3.7	-5.4
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	12/04	USD	2554.68	64.2	64.9	9.2
GAM Sing/Malaysia	AS	EQ	VGB	12/09	USD	2528.75	52.2	54.5	-11.9
GAM Sterling Spe Bd Inc	OT	OT	VGB	12/07	GBP	241.71	39.9	39.8	2.1
GAM Trading EUR Inc	OT	OT	VGB	11/30	EUR	327.03	7.0	7.2	7.6
GAM Trading USD Inc	OT	OT	VGB	11/30	USD	978.73	7.2	7.5	7.1
GAM Trdg II IncEUR Op	OT	OT	VGB	11/30	EUR	139.92	6.9	7.1	7.6
GAM Trdg II IncUSD Op	OT	OT	VGB	11/30	USD	317.79	7.2	7.5	7.1
GAM Trdg IV IncEUR Op	OT	OT	VGB	11/30	EUR	147.64	6.7	6.7	7.0
GAM Trdg IV IncUSD Op	OT	OT	VGB	11/30	USD	155.42	6.9	7.2	6.8
GAM Trdg V IncEUR Op	OT	OT	VGB	11/30	EUR	125.17	6.7	6.6	6.9
GAM Trdg V IncUSD Op	OT	OT	VGB	11/30	USD	130.35	6.8	7.1	6.7
GAM TrdgIII IncEUR Op	OT	OT	VGB	11/30	EUR	157.86	6.7	6.8	7.3
GAM TrdgIII IncUSD Op	OT	OT	VGB	11/30	USD	163.46	6.9	7.3	7.0
GAM USDSpecBondInc	US	BD	VGB	12/07	USD	516.87	70.0	70.6	5.8
GAM Worldwide	GL	EQ	VGB	12/09	USD	2211.01	24.0	29.0	-11.7
GAMut Investments	OT	OT	VGB	12/02	USD	7697.06	6.0	7.5	8.6

GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	12/09	CHF	10.82	53.4	43.6	-18.9
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	12/09	EUR	11.45	53.9	50.7	-14.4
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	12/09	GBP	1.54	45.7	56.8	-4.1
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	12/09	USD	13.27	62.3	71.8	-14.0
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	12/09	EUR	97.81	17.0	20.3	-17.0
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	12/09	EUR	94.66	17.0	20.3	-17.0
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	12/09	EUR	10.43	19.7	18.7	-13.9
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	12/09	EUR	173.55	19.8	16.7	-16.3
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	12/09	EUR	158.58	19.7	16.6	-16.3
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	12/09	USD	15.60	26.1	32.7	-15.8
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	12/09	USD	14.15	26.0	32.7	-15.8
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	12/08	USD	5.42	15.1	10.8	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	12/09	EUR	85.81	7.0	11.7	-16.2
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	12/09	EUR	85.82	7.0	11.7	-16.2
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	12/09	JPY	888.00	7.5	17.8	-25.8
GAMStar-JpnEq USD Acc	JP	EQ	IRL	12/09	USD	11.00	5.9	18.7	-18.7
GAMStar-World EqUSD Acc	GL	EQ	IRL	12/09	USD	2188.91	25.0	30.0	-11.3

المجموعة المالية - هيرميس
EFG HERMES

HERMES FINANCIAL MANAGEMENT (EGYPT) LIMITED, AMSALES@EFG-HERMES.COM
*Tel: 9714 363 4041 *Middle East & Developing Africa Fund*

EFG-Hermes Egypt	GL	EQ	BMU	11/30	USD	37.39	8.1	17.6	-22.2
EFG-Hermes MEDA*	GL	EQ	BMU	11/30	USD	22.90	9.3	18.7	-18.4
EFG-Hermes Saudi Arabia Equity	EA	EQ	SAU	11/24	SAR	6.05	27.6	21.8	NS
EFG-Hermes Telecom	OT	EQ	BMU	11/30	USD	28.65	11.7	14.1	-13.0

LLOYD GEORGE MANAGEMENT (HK) LTD
Suite 3808, One Exchange Square, HK: Tel. 852 2845 4433 Fax. 852 2845 3911

LG Antenna	GL	EQ	BMU	12/04	USD	59.94	75.6	87.3	-10.0
LG Asian Plus	AS	EQ	CYM	12/04	USD	56.80	50.3	59.5	-19.1
LG AsianSmallerCo's	AS	EQ	BMU	12/09	USD	96.45	74.9	86.2	-22.5
LG India	EA	EQ	MUS	12/03	USD	65.04	103.8	126.6	-13.6

Manulife WEALTH MANAGEMENT 宏利財富管理

MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	12/10	USD	14.71	22.2	21.5	-15.0
American Growth AA	US	EQ	LUX	12/10	USD	0.85	21.9	21.2	-8.1
Asian Equity	AS	EQ	LUX	12/10	USD	2.40	61.3	71.4	-11.6
Asian Equity AA	AS	EQ	LUX	12/10	USD	0.78	60.8	70.9	-11.8
Asian Sm Cap Equity AA	AS	EQ	LUX	12/10	USD	1.15	90.4	104.5	-7.1
China Value A	AS	EQ	LUX	12/10	USD	7.03	63.9	71.5	-8.8
China Value AA	AS	EQ	LUX	12/10	USD	2.21	63.5	71.1	-9.1
Dragon Growth	AS	EQ	LUX	12/10	USD	1.63	66.7	69.2	-11.1
Dragon Growth AA	OT	OT	LUX	12/10	HKD	7.93	66.6	68.7	-12.3
Emg Eastrn Europe A	EU	EQ	LUX	12/10	USD	4.39	86.8	84.3	-20.8
Emg Eastrn Europe AA	EU	EQ	LUX	12/10	USD	1.89	86.6	84.0	-20.9
European Growth	EU	EQ	LUX	12/10	USD	9.01	40.6	49.7	-19.6
European Growth AA	EU	EQ	LUX	12/10	USD	0.64	40.3	49.3	-19.8
Global Contrarain AA	GL	EQ	LUX	12/10	USD	0.86	78.9	100.5	NS
Global Property AA	OT	EQ	LUX	12/10	USD	0.66	44.3	48.3	-17.7
Global Resources AA	OT	EQ	LUX	12/10	USD	1.07	50.2	77.1	-12.7
Healthcare AA	OT	EQ	LUX	12/10	USD	0.92	11.0	16.3	NS
India Equity AA	EA	EQ	LUX	12/10	USD	1.08	77.4	89.7	-19.0
International Growth	GL	EQ	LUX	12/10	USD	2.98	19.9	23.0	-17.5
International Growth AA	GL	EQ	LUX	12/10	USD	0.69	19.6	22.7	-17.7
Japanese Growth	JP	EQ	LUX	12/10	USD	2.75	8.6	19.5	-15.8
Japanese Growth AA	JP	EQ	LUX	12/10	USD	0.72	8.3	19.2	NS
Latin America Equity AA	GL	EQ	LUX	12/10	USD	1.27	102.0	111.0	-7.7
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	12/10	USD	1.11	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	12/10	USD	0.61	125.4	110.7	-23.8
Taiwan Equity AA	AS	EQ	LUX	12/10	USD	1.01	76.4	88.1	-2.9
Turkey Equity AA	EE	EQ	LUX	12/10	USD	0.71	93.7	115.8	-17.7
U.S. Bond AA	US	BD	LUX	12/10	USD	1.11	18.2	21.6	7.6
U.S. High Yield Bond AA	US	BD	LUX	12/10	USD	0.78	74.4	74.4	-2.9
U.S. Sm Cap Equity AA	US	EQ	LUX	12/10	USD	0.78	63.5	60.3	-16.0
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	12/10	USD	1.14	8.5	12.5	3.6

PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	12/02	USD	123.32	113.8	166.8	-3.6

Sensible Asset Management
A Value Partners Group company

SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	12/09	USD	7.91	84.4	93.4	-8.5

SOCIETE GENERALE
Asset Management

SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM
SGAM Fund

Bonds Eur Hi Yld A	EU	BD	LUX	12/08	EUR	20.35	53.1	55.5	-1.9
Bonds EURO A	EU	BD	LUX	12/09	EUR	41.31	4.6	6.2	5.6
Bonds EUROPE A	EU	BD	LUX	12/09	EUR	39.18	3.4	4.5	4.2
Bonds US OppsCoreplus A	US	BD	LUX	12/08	USD	37.22	18.0	21.0	8.8
Bonds World A	GL	BD	LUX	12/08	USD	43.53	9.3	14.9	8.2
Eq. China A	AS	EQ	LUX	12/09	USD	24.31	62.7	65.5	-17.0
Eq. ConcentratedEuropeA	EU	EQ	LUX	12/08	EUR	25.86	25.5	21.9	-19.9
Eq. Eastern Europe A	EU	EQ	LUX	12/09	EUR	21.32	61.4	45.5	-30.6
Eq. Euroland A	EU	EQ	LUX	12/08	EUR	10.39	13.3	13.7	-22.6
Eq. EurolandCyclclsA	EU	EQ	LUX	12/09	EUR	17.05	24.2	26.3	-17.8
Eq. EurolandFinancialA	OT	EQ	LUX	12/08	EUR	11.15	32.3	25.8	-23.1
Eq. Glbl Emg Cty A	GL	EQ	LUX	12/08	USD	9.56	59.9	69.8	-17.1
Eq. Global A	GL	EQ	LUX	12/09	USD	27.24	29.5	36.5	-16.4
Eq. Global Energy A	OT	EQ	LUX	12/08	USD	17.39	22.0	27.5	-15.3
Eq. Global Technol A	OT	OT	LUX	04/24	USD	4.46	22.1	-29.7	-21.6
Eq. Gold Mines A	OT	EQ	LUX	12/08	USD	30.73	46.9	88.6	1.7
Eq. Pacific A	AS	EQ	LUX	12/09	USD	10.18	59.4	67.3	-15.8
Eq. US Lg Cap Gr A	US	EQ	LUX	12/09	USD	14.93	38.5	39.3	-14.5
Eq. US Rel Val A	US	EQ	LUX	12/08	USD	19.99	28.7	28.7	-17.9
Eq. US Sm Cap Val A	US	EQ	LUX	12/09	USD	15.28	18.1	24.0	-22.6
Money Market EURO A	EU	MM	LUX	12/08	EUR	27.39	1.0	1.2	2.8
Money Market USD A	US	MM	LUX	12/08	USD	15.83	0.5	0.7	1.8

المستثمر الوطني
The National Investor

THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	12/03	USD	971.15	3.3	-2.9	-26.5
TNI MENA Special Sits Fund	OT	OT	BMU	11/30	USD	1070.31	10.2	10.3	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	11/26	AED	6.14	33.8	12.4	-24.1

Value Partners
Investing through discipline

WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487
**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	11/30	USD	29.32	82.8	100.8	0.0
Intel-China Converg*	AS	EQ	CYM	11/30	USD	112.36	84.4	103.2	-1.5
VP Classic - A	AS	EQ	CYM	12/09	USD	186.66	83.1	102.4	-3.7
VP CLassic - B	AS	EQ	CYM	12/09	USD	87.03	82.3	101.4	-4.1
VP High Dividend Stk	AS	EQ	CYM	12/07	USD	45.68	83.8	93.8	-1.6

yuki
Yuki Management & Research
Tel +81-3-5296-3277 www.yukijapan.co.jp

YUKI INTERNATIONAL LIMITED
Tel +44-207-269 0203 www.yukifunds.com

YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	12/10	JPY	8952.00	5.6	8.0	-27.7
YMR-N Small Cap Fund	OT	OT	IRL	12/10	JPY	6769.00	6.4	11.2	-27.8

Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	12/10	JPY	5863.00	-0.7	1.9	-30.2
Yuki 77 Growth	JP	EQ	IRL	12/10	JPY	5408.00	-8.6	-7.8	-35.0

Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	12/10	JPY	6501.00	4.2	6.2	-26.7
Yuki Chugoku JpnLowP	JP	EQ	IRL	12/10	JPY	7239.00	-11.6	-8.2	-27.8

Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	12/10	JPY	4424.00	-2.7	-0.8	-30.3
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	12/10	JPY	5063.00	-4.1	-3.1	-23.9
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	12/10	JPY	4930.00	4.8	8.2	-26.5

Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	12/10	JPY	4178.00	-1.7	-0.3	-34.1
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	12/10	JPY	4408.00	-1.9	-1.2	-34.0
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	12/10	JPY	6595.00	8.1	9.8	-28.6
Yuki Mizuho Jpn Gen	OT	OT	IRL	12/10	JPY	8175.00	1.9	4.7	-28.4
Yuki Mizuho Jpn Gro	OT	OT	IRL	12/10	JPY	6097.00	-2.5	-0.9	-30.9
Yuki Mizuho Jpn Inc	OT	OT	IRL	12/10	JPY	7304.00	-8.2	-6.5	-26.8
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	12/10	JPY	4921.00	-1.3	0.0	-29.2
Yuki Mizuho Jpn LowP	OT	OT	IRL	12/10	JPY	10907.00	-3.8	-0.3	-25.0
Yuki Mizuho Jpn PGth	OT	OT	IRL	12/10	JPY	7599.00	-0.5	0.9	-33.0
Yuki Mizuho Jpn SmCp	OT	OT	IRL	12/10	JPY	6869.00	12.0	14.4	-28.5
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	12/10	JPY	5410.00	4.2	6.7	-25.1
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	12/10	JPY	2613.00	9.5	10.6	-34.5

Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	12/10	JPY	5151.00	1.0	3.9	-29.0

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Brazil	0.44%	**107.2%**	101.0%
Russia	0.14	**95.8**	93.1
China 88	0.60	**83.3**	62.7
Turkey	0.41	**79.7**	101.2
Singapore	-0.51	**59.7**	57.4
South Korea	1.37	**50.4**	42.5
Sweden	0.09	**48.3**	44.9
Hong Kong	-0.19	**48.0**	36.8
Netherlands	0.99	**34.0**	32.7
Canada	0.10	**25.9**	34.8
Australia	-0.67	**23.4**	27.7
Switzerland	0.73	**22.4**	17.8
South Africa	1.33	**20.0**	20.7
France	0.60	**18.1**	13.7
U.K.	0.62	**17.8**	19.3
Italy	0.24	**17.4**	15.9
Spain	-0.06	**13.3**	13.8
Germany	0.67	**12.7**	13.6
Japan	-1.35	**3.1**	4.0

Dow Jones Regional Sector Titans

Basic Res	0.29%	**76.2%**	79.6%
Tiger 50*	-0.09	**54.4**	46.8
Technology	0.45	**50.7**	52.5
Nordic 30 -p	-0.54	**34.4**	26.3
Asian 50	-0.57	**30.1**	31.6
EU Enlarged†-p	-2.04	**29.2**	21.7
Global 50	0.03	**19.6**	20.3
Stoxx 50 -p	-1.05	**17.5**	13.5
Euro Stoxx 50 -p	-1.09	**15.1**	12.9
Arab 50	1.85	**2.0**	-2.3

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Thursday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
KB Fncl Group	South Korea	Banks	$20.6	62,600	**2.96%**	75.4%	-10.3%
POSCO	South Korea	Iron Steel	37.1	570,000	**2.89**	45.2	86.9
Canon	Japan	Electronic Office Equipment	51.9	3,710	**1.64**	34.9	-44.2
Samsung Elec	South Korea	Semiconductors	99.6	788,000	**1.29**	63.3	28.3
JFE Hldgs	Japan	Iron Steel	20.1	3,350	**1.21**	26.4	-41.1
Mitsubishi UFJ Finl Grp	Japan	Banks	$60.5	462.00	**-3.14%**	-7.6	-69.2
Mizuho Financial Grp	Japan	Banks	25.0	157.00	**-2.48**	-33.2	-81.6
Seven I Hldgs	Japan	Broadline Retailers	20.0	1,951	**-2.16**	-34.4	-47.0
Mitsubishi	Japan	Industrial Suppliers	40.1	2,155	**-2.05**	72.5	-4.7
East Japan Railway	Japan	Travel Tourism	27.2	6,010	**-1.96**	-8.0	-25.3

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Shinhan Financial Grp South Korea (Banks)	18.9	46,400	**1.09%**	37.6%	1.7%
Westpac Bking Australia (Banks)	63.5	23.77	**0.76**	43.6	-1.0
CNOOC Hong Kong (Exploration Production)	68.6	11.90	**0.68**	55.0	73.7
China Life Ins Hong Kong (Life Insurance)	38.1	39.65	**0.38**	61.2	102.9
Kansai Elec Power Japan (Conventional Electricity)	23.0	2,125	**0.24**	-19.2	-31.2
Sumitomo Mitsui Finl Japan (Banks)	31.4	2,745	**0.18**	-19.7	-77.7
National Australia Bk Australia (Banks)	52.9	28.00	**0.14**	44.7	-29.4
PetroChina Hong Kong (Integrated Oil Gas)	26.0	9.54	**0.10**	31.4	-7.0
Nintendo Japan (Toys)	31.1	21,460	**0.05**	-38.5	-24.4
Aus NZ Bk Australia (Banks)	49.4	21.50	**-0.05**	49.1	-24.6
Indl Comm Bk China Hong Kong (Banks)	68.7	6.41	**-0.16**	44.0	53.7
Woodside Petroleum Australia (Exploration Production)	30.6	47.08	**-0.19**	43.7	25.1
Tokyo Elec Power Japan (Conventional Electricity)	35.7	2,335	**-0.21**	-21.0	-37.4
Nippon Steel Japan (Iron Steel)	24.9	350.00	**-0.28**	16.7	-37.8
Hutchison Whampoa Hong Kong (Diversified Industrials)	28.5	51.90	**-0.29**	25.1	-31.7
Tokio Marine Japan (Property Casualty Insurance)	23.0	2,580	**-0.39**	7.5	-40.3
Woolworths Australia (Food Retailers Wholesalers)	30.3	26.85	**-0.41**	2.5	17.2
KDDI Japan (Mobile Telecommunications)	24.1	480,000	**-0.41**	-19.7	-40.3
Takeda Pharm Japan (Pharmaceuticals)	33.3	3,730	**-0.53**	-17.7	-52.1
Japan Tobacco Japan (Tobacco)	31.0	285,100	**-0.63**	-10.4	-50.8

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Commonwealth Bk of Australia Australia (Banks)	73.2	52.51	**-0.66%**	86.5%	9.2%
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	29.4	98.50	**-0.66**	17.7	8.6
China Mobile (HK) Hong Kong (Mobile Telecommunications)	182.4	71.10	**-0.70**	-13.7	14.5
China Constr Bk Hong Kong (Banks)	196.8	6.79	**-0.73**	39.1	59.8
Sony Japan (Consumer Electronics)	28.1	2,490	**-0.80**	25.9	-49.9
NTT DoCoMo Japan (Mobile Telecommunications)	63.0	130,400	**-1.21**	-26.3	-28.7
QBE Ins Grp Australia (Reinsurance)	20.8	22.66	**-1.26**	-6.6	-21.3
Nippon T&T Japan (Fixed Line Telecommunications)	56.1	3,740	**-1.32**	-17.6	-38.2
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.2	115.40	**-1.37**	73.5	31.0
Shin-Etsu Chml Japan (Specialty Chemicals)	23.7	4,940	**-1.40**	20.2	-37.9
Nissan Motor Japan (Automobiles)	35.9	701.00	**-1.41**	101.4	-49.9
BHP Billiton Australia (General Mining)	123.0	39.96	**-1.45**	32.3	54.3
Honda Motor Japan (Automobiles)	60.7	2,930	**-1.51**	33.5	-30.2
RioZim Ltd Australia (General Mining)	38.9	69.80	**-1.55**	121.1	14.9
Westfield Grp Australia (Retail REITs)	24.8	11.86	**-1.58**	-15.6	-38.5
Mitsui Japan (Industrial Suppliers)	24.9	1,214	**-1.62**	42.8	-27.6
Toyota Motor Japan (Automobiles)	130.2	3,650	**-1.62**	18.9	-50.5
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	49.2	61.30	**-1.76**	37.2	-2.9
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	36.7	139.00	**-1.77**	133.0	-2.4
Panasonic Japan (Consumer Electronics)	28.8	1,226	**-1.92**	13.8	-47.7

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**.
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	0.36%	0.85%	1.8%	7.7%	7.7%
Event Driven	0.61	1.30	4.6	15.0	14.3
Equity Long/Short	-0.81	-0.17	-0.8	2.8	-3.5

*Estimates as of 12/08/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

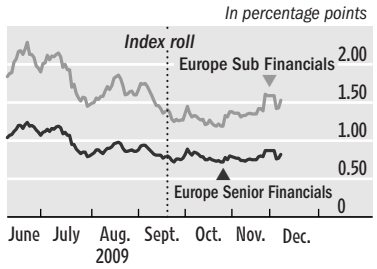
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.84	100.74%	0.01%	1.00	0.78	0.86
Eur. High Volatility: 12/1	1.24	98.90	0.01	1.76	1.20	1.42
Europe Crossover: 12/1	5.02	99.89	0.05	6.15	4.87	5.31
Asia ex-Japan IG: 12/1	1.04	99.80	0.01	1.29	0.96	1.10
Japan: 12/1	1.41	98.04	0.01	1.68	0.99	1.32

Note: Data as of December 9

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Acom	381	**-21**	-38	20
Orix	367	**-20**	-35	31
Mitsubishi Matls	104	**-12**	-3	2
Promise	983	**-10**	-25	183
Sanyo Shinpan Fin	970	**-9**	-32	154
Mitsui Chems	118	**-6**	-3	11
Nishimatsu Constr	545	**-5**	-8	43
Obatashi	210	**-3**	-11	57
Hongkong Ld	76	**-3**	-7	-5
Shin Han Bk	108	**-2**	-6	-7

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Japan	67	**2**	-3	-7
Ptt Pub	88	**2**	-7	-8
Sekisui House	77	**3**	3	20
Kajima	341	**3**	-4	143
GS Caltex Oil	107	**4**	...	-2
Tenaga Nasional	91	**5**	-8	-5
Kawasaki Heavy Inds	167	**7**	-3	65
Shimizu	186	**8**	13	59
Softbank	456	**10**	6	...
Kawasaki Kisen Kaisha	247	**16**	14	84

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Global

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
JPMorgan	$5,091	9.4%	45%	28%	21%	6%
Bank of America Merrill Lynch	3,784	7.0	42	32	19	8
Goldman Sachs	3,678	6.8	46	21	32	1
Morgan Stanley	3,198	5.9	47	24	27	1
Citi	3,014	5.6	30	39	24	6
Credit Suisse	2,780	5.1	43	34	21	2
Deutsche Bank	2,595	4.8	35	41	20	4
UBS	2,578	4.8	47	25	26	2
Barclays Capital	1,874	3.5	21	55	18	7

Source: Dealogic

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	**389.75**	6.25	**1.63%**	712.25	315.50
Soybeans (cents/bu.)	CBOT	**1026.50**	-2.00	**-0.19%**	1,315.00	794.00
Wheat (cents/bu.)	CBOT	**539.00**	3.75	**0.70**	1,029.25	459.00
Live cattle (cents/lb.)	CME	**81.925**	-1.200	**-1.44**	108.600	81.900
Cocoa ($/ton)	ICE-US	**3,392**	-19	**-0.56**	3,439	1,994
Coffee (cents/lb.)	ICE-US	**142.70**	1.05	**0.74**	188.65	115.00
Sugar (cents/lb.)	ICE-US	**22.98**	0.83	**3.75**	26.25	11.91
Cotton (cents/lb.)	ICE-US	**74.26**	-0.16	**-0.21**	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	**2,521.00**	-5	**-0.20**	2,606	2,013
Cocoa (pounds/ton)	LIFFE	**2,266**	unch.	**unch.**	2,272	1,310
Robusta coffee ($/ton)	LIFFE	**1,369**	-4	**-0.29**	1,955	1,295
Copper (cents/lb.)	COMEX	**311.50**	-0.85	**-0.27**	365.00	135.50
Gold ($/troy oz.)	COMEX	**1126.80**	6.40	**0.57**	1,227.50	762.30
Silver (cents/troy oz.)	COMEX	**1736.00**	20.20	**1.18**	2,011.50	1,045.00
Aluminum ($/ton)	LME	**2,200.00**	38.00	**1.76**	2,200.00	1,288.00
Tin ($/ton)	LME	**15,205.00**	30.00	**0.20**	15,700.00	9,750.00
Copper ($/ton)	LME	**6,830.00**	-138.00	**-1.98**	7,100.00	2,815.00
Lead ($/ton)	LME	**2,286.00**	-23.00	**-1.00**	2,487.00	870.00
Zinc ($/ton)	LME	**2,294.00**	-40.00	**-1.71**	2,406.00	1,065.00
Nickel ($/ton)	LME	**16,550**	300	**1.85**	21,150	9,475
Crude oil ($/bbl.)	NYMEX	**70.85**	0.18	**0.25**	139.00	47.31
Heating oil ($/gal.)	NYMEX	**1.9069**	-0.0024	**-0.13**	4.1847	1.3640
RBOB gasoline ($/gal.)	NYMEX	**1.8486**	-0.0087	**-0.47**	2.7100	1.1525
Natural gas ($/mmBtu)	NYMEX	**5.230**	0.332	**6.78**	12.920	4.432
Brent crude ($/bbl.)	ICE-EU	**73.06**	-0.20	**-0.27**	145.00	50.00
Gas oil ($/ton)	ICE-EU	**588.50**	-19.00	**-3.13**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**. Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Currencies

London close on Dec. 10

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.5949	0.1787	3.8013	0.2631
Brazil real	2.5989	0.3848	1.7658	0.5663
Canada dollar	1.5486	0.6457	1.0522	0.9504
1-mo. forward	1.5486	0.6457	1.0522	0.9504
3-mos. forward	1.5487	0.6457	1.0522	0.9504
6-mos. forward	1.5488	0.6457	1.0523	0.9503
Chile peso	731.58	0.001367	497.05	0.002012
Colombia peso	2975.42	0.0003361	2021.55	0.0004947
Ecuador US dollar-f	1.4719	0.6794	1	1
Mexico peso-a	19.0995	0.0524	12.9765	0.0771
Peru sol	4.2264	0.2366	2.8715	0.3483
Uruguay peso-e	28.922	0.0346	19.650	0.0509
U.S. dollar	1.4719	0.6794	1	1
Venezuela bolivar	3.16	0.316405	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6060	0.6227	1.0912	0.9165
China yuan	10.0480	0.0995	6.8268	0.1465
Hong Kong dollar	11.4079	0.0877	7.7507	0.1290
India rupee	68.4778	0.0146	46.5250	0.0215
Indonesia rupiah	13890	0.0000720	9437	0.0001060
Japan yen	130.00	0.007692	88.33	0.011322
1-mo. forward	129.97	0.007694	88.30	0.011324
3-mos. forward	129.93	0.007697	88.27	0.011328
6-mos. forward	129.81	0.007704	88.19	0.011339
Malaysia ringgit-c	5.0006	0.2000	3.3975	0.2943
New Zealand dollar	2.0169	0.4958	1.3703	0.7298
Pakistan rupee	123.856	0.0081	84.150	0.0119
Philippines peso	67.845	0.0147	46.095	0.0217
Singapore dollar	2.0452	0.4889	1.3896	0.7197
South Korea won	1715.44	0.0005829	1165.50	0.0008580
Taiwan dollar	47.533	0.02104	32.295	0.03096
Thailand baht	48.748	0.02051	33.120	0.03019

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.6794	1.4719
1-mo. forward	1.0001	0.9999	0.6795	1.4717
3-mos. forward	1.0003	0.9997	0.6796	1.4714
6-mos. forward	1.0009	0.9991	0.6800	1.4706
Czech Rep. koruna-b	25.768	0.0388	17.508	0.0571
Denmark krone	7.4418	0.1344	5.0561	0.1978
Hungary forint	272.54	0.003669	185.17	0.005401
Norway krone	8.4751	0.1180	5.7581	0.1737
Poland zloty	4.1466	0.2412	2.8173	0.3549
Russia ruble-d	44.738	0.02235	30.396	0.03290
Sweden krona	10.4394	0.0958	7.0927	0.1410
Switzerland franc	1.5113	0.6617	1.0268	0.9739
1-mo. forward	1.5110	0.6618	1.0266	0.9741
3-mos. forward	1.5103	0.6621	1.0262	0.9745
6-mos. forward	1.5091	0.6627	1.0253	0.9753
Turkey lira	2.2029	0.4539	1.4967	0.6681
U.K. pound	0.9057	1.1041	0.6154	1.6251
1-mo. forward	0.9059	1.1039	0.6155	1.6247
3-mos. forward	0.9063	1.1034	0.6157	1.6241
6-mos. forward	0.9068	1.1028	0.6161	1.6232
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5549	1.8022	0.3770	2.6525
Egypt pound-a	8.0713	0.1239	5.4838	0.1824
Israel shekel	5.5540	0.1800	3.7735	0.2650
Jordan dinar	1.0417	0.9600	0.7078	1.4129
Kuwait dinar	0.4198	2.3822	0.2852	3.5063
Lebanon pound	2211.45	0.0004522	1502.50	0.0006656
Saudi Arabia riyal	5.5201	0.1812	3.7505	0.2666
South Africa rand	11.0824	0.0902	7.5296	0.1328
United Arab dirham	5.4061	0.1850	3.6730	0.2723
SDR -f	0.9247	1.0814	0.6283	1.5917

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
32	**ASIA-PACIFIC**	DJ Asia-Pacific	121.87	-0.90	**-0.73%**	30.2%	33.5%
...	Australia	SPX/ASX 200	4606.66	-31.23	**-0.67**	23.8	28.0
...	China	CBN 600	29138.66	188.04	**0.65%**	97.3	77.3
20	Hong Kong	Hang Seng	21700.04	-41.72	**-0.19**	50.8	39.0
19	India	Sensex	17189.31	64.09	**0.37**	78.2	78.2
...	Indonesia	Jakarta Composite	2486.437	5.140	**0.21**	83.4	88.8
...	Japan	Nikkei Stock Average	9862.82	-141.90	**-1.42**	11.3	13.1
...		Topix	873.90	-11.04	**-1.25**	1.7	2.9
...	Malaysia	Kuala Lumpur Composite	1259.90	4.14	**0.33**	43.7	46.4
...	New Zealand	NZSX-50	3132.284	4.643	**0.15**	15.3	14.9
8	Pakistan	KSE 100	8999.39	93.96	**1.06**	53.4	-2.0
15	Philippines	Manila Composite	3006.57	25.32	**0.85**	60.5	55.5
...	Singapore	Straits Times	2781.86	-15.35	**-0.55**	57.9	55.1
11	South Korea	Kospi	1652.73	18.56	**1.14**	47.0	43.2
21	Taiwan	Weighted	7677.91	-119.51	**-1.53**	67.2	64.9
10	Thailand	SET	694.71	**Closed**		54.4	63.6
50	**EUROPE**	DJ Stoxx 600	243.76	2.34	**0.97**	23.8	19.6
22		DJ Stoxx 50	2473.12	24.95	**1.02**	19.7	15.5
60	**Euro Zone**	DJ Euro Stoxx	264.95	2.47	**0.94%**	18.9%	17.7%
20		DJ Euro Stoxx 50	2848.25	30.15	**1.07**	16.2	14.6
18	Denmark	OMX Copenhagen	311.38	-1.28	**-0.41%**	37.7	31.6
19	Finland	OMX Helsinki	6173.43	46.93	**0.77**	14.2	11.6
18	France	CAC-40	3798.38	40.99	**1.09**	18.0	14.9
...	Germany	DAX	5709.02	61.18	**1.08**	18.7	19.8
16	Italy	FTSE MIB	22385.67	149.44	**0.67**	15.0	13.8
...	Netherlands	AEX	317.69	4.81	**1.54**	29.2	24.7
...	Russia	RTSI	1351.98	3.06	**0.23**	114.0	101.7
11	Spain	IBEX 35	11594.7	53.5	**0.46**	26.1	26.3
14	Switzerland	SMI	6410.64	58.93	**0.93**	15.8	11.9
...	Turkey	ISE National 100	49594.50	409.55	**0.83**	84.6	106.3
14	U.K.	FTSE 100	5244.37	40.48	**0.78**	18.3	19.5
21	**AMERICAS**	DJ Americas	291.63	1.78	**0.61**	29.0	31.1
...	Brazil	Bovespa	68800.06	788.08	**1.16**	83.2	76.7
...	Argentina	Merval	2170.66	8.03	**0.37**	101.1	98.3
20	Mexico	IPC	31921.23	251.02	**0.79**	42.6	48.3

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
2.26%	20	**DJ Global Index**	223.45	0.74	**0.74%**	34.3%	0.3%	-6.7%
1.89	21	**Global DOW**	1948.64	-2.54	**-2.54**	31.1	-0.1	-2.4
2.40		**Asia/Pacific 600**	114.32	-1.20	**-1.20**	22.6	-1.0	-7.3
1.81	15	**Emerging Markets**	273.20	1.00	**1.00**	77.2	0.4	3.4
2.18	32	**Asia/Pacific**	121.87	-0.90	**-0.90**	33.5	-0.7	-5.3
2.44	13	**Asia/Pacific ex-Japan**	307.27	-0.18	**-0.18**	70.5	-0.1	0.9
2.62	22	**Southeast Asia**	153.10	-1.16	**-1.16**	71.5	-0.8	1.4
0.83	31	**CBN China 600** -c	29138.66	188.04	**188.04**	77.3	0.7	29.8
0.86	33	**Shanghai**	387.64	2.56	**2.56**	76.9	0.7	29.7
0.57	48	**Shenzhen**	421.50	2.84	**2.84**	100.0	0.7	36.2
2.19	19	**China Offshore 50**	4078.84	-9.61	**-9.61**	43.7	-0.2	11.5
8.93	9	**Australia LPT** -c, d	1081.17	-13.08	**-13.08**	-2.0	-1.2	-20.9

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	Three-yr., annualized
8.93%	9	**Islamic Market**	1937.92	7.80	**7.80%**	35.5%	0.4%	-2.2%
2.51	16	**Islamic Market 100**	2097.72	10.55	**10.55**	23.1	0.5	-2.7
10.01	14	**Bahrain**	117.50	0.01	**0.01**	-27.6	0.0	-13.6
2.93	30	**Kuwait**	191.08	-2.27	**-2.27**	-28.3	-1.2	-15.2
2.70	19	**Sustainability**	998.79	5.54	**5.54**	32.5	0.6	-7.2
2.72	50	**Stoxx 600 -p**	265.87	-2.66	**-2.66**	33.5	-1.0	-9.1
4.74	17	**Stoxx Select Div 30 -p**	1754.72	-28.63	**-28.63**	29.3	-1.6	-21.0
3.98	23	**Euro Stoxx Sel Div 30 -p**	2093.47	-33.87	**-33.87**	32.7	-1.6	-16.5
1.81	28	**DJ U.S. TSM**	11302.14	61.69	**61.69**	29.8	0.6	-7.4
4.06	15	**U.S. Select Dividend -d**	645.14	4.38	**4.38**	16.4	0.7	-9.9
4.67		**U.S. REIT**	139.64	-0.42	**-0.42**	39.4	-0.3	-19.7
		DJ-UBS Commodity -p	131.59	-2.14	**-2.14**	18.1	-1.6	-8.0

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

U.S.	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
Australia	0.916		0.564	0.964	6.256	0.623	7.103	42.638	8648.20	80.945	1.256	1068.12	3.114	42.244	1.273	0.941	29.597	30.353
Britain	1.625	1.773		1.710	11.094	1.104	12.595	75.605	15335.00	143.533	2.227	1894.00	5.521	74.907	2.258	1.669	52.481	53.822
Canada	0.950	1.037	0.585		6.488	0.646	7.367	44.219	8968.90	83.947	1.302	1107.73	3.229	43.810	1.321	0.976	30.694	31.478
China	0.1465	0.160	0.090	0.154		0.100	1.135	6.815	1382.30	12.938	0.201	170.73	0.498	6.752	0.204	0.150	4.731	4.852
Euro	1.472	1.606	0.906	1.549	10.048		11.408	68.478	13889.31	130.001	2.017	1715.44	5.001	67.845	2.045	1.511	47.533	48.748
Hong Kong	0.129	0.141	0.079	0.136	0.881	0.088		6.003	1217.52	11.396	0.177	150.37	0.438	5.947	0.179	0.132	4.167	4.273
India	0.0215	0.0235	0.0132	0.0226	0.1467	0.0146	0.1666		202.83	1.8984	0.0295	25.05	0.0730	0.9908	0.0299	0.0221	0.6941	0.7119
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0094	0.0001	0.12	0.0004	0.0049	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.077	0.008	0.088	0.527	106.84		0.016	13.20	0.038	0.522	0.016	0.012	0.366	0.375
New Zealand	0.730	0.796	0.449	0.768	4.982	0.496	5.656	33.952	6886.38	64.455		850.52	2.479	33.638	1.014	0.749	23.567	24.169
South Korea	0.0009	0.0009	0.0005	0.0009	0.0059	0.0006	0.0067	0.0399	8.10	0.0758	0.0012		0.0029	0.0395	0.0012	0.0009	0.0277	0.0284
Malaysia	0.294	0.321	0.181	0.310	2.009	0.200	2.281	13.694	2777.52	25.997	0.403	343.05		13.567	0.409	0.302	9.506	9.748
Philippines	0.022	0.024	0.013	0.023	0.148	0.015	0.168	1.009	204.72	1.916	0.030	25.28	0.074		0.030	0.022	0.701	0.719
Singapore	0.720	0.785	0.443	0.757	4.913	0.489	5.578	33.482	6791.14	63.564	0.986	838.76	2.445	33.173		0.739	23.241	23.835
Switzerland	0.974	1.063	0.599	1.025	6.649	0.662	7.548	45.311	9190.33	86.020	1.335	1135.08	3.309	44.892	1.353		31.452	32.256
Taiwan	0.031	0.034	0.019	0.033	0.211	0.021	0.240	1.441	292.20	2.735	0.042	36.09	0.105	1.427	0.043	0.032		1.026
Thailand	0.030	0.033	0.019	0.032	0.206	0.021	0.234	1.405	284.92	2.667	0.041	35.19	0.103	1.392	0.042	0.031	0.975	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of December. 10, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	25	**ALL COUNTRY (AC) WORLD***	294.02	-0.27%	**29.1%**	33.6%
2.50	26	**World (Developed Markets)**	1,148.93	-0.21	**24.9**	28.7
1.90	124	**World Small Cap**	184.70	-0.32	**37.6**	45.7
2.60	22	**Kokusai (World ex-Japan)**	1,134.65	-0.14	**27.2**	30.2
3.10	26	**EAFE**	1,560.10	-0.89	**26.1**	33.5
2.20	20	**Emerging Markets (EM)**	962.60	-0.68	**69.8**	82.7
2.60	25	**AC ASIA PACIFIC EX-JAPAN**	405.98	-0.66	**64.1**	78.5
2.10	25	**AC Far East ex-Japan**	440.69	-0.69	**61.6**	77.8
1.80	35	**Japan**	552.17	-1.38	**4.2**	7.1
1.90	20	**China**	64.86	-1.55	**59.0**	75.7
0.90	39	**China A (China Domestic)**	3,379.16	-1.80	**94.8**	94.4
2.60	23	**Hong Kong**	10,148.46	-0.87	**54.8**	60.6
1.00	21	**India**	693.94	-0.77	**87.9**	100.4
1.10	24	**Korea**	467.65	0.43	**52.4**	56.5
2.40	21	**Malaysia**	463.20	-0.49	**44.2**	46.0
3.10	17	**Singapore**	1,565.94	-0.45	**57.1**	59.2
2.70	315	**Taiwan**	281.57	0.21	**62.4**	68.1
3.10	20	**Thailand**	281.09	-0.76	**51.9**	69.3
4.00	25	**Australia**	954.37	-0.72	**24.7**	23.6
5.30	16	**New Zealand**	83.08	-0.54	**9.4**	7.2
1.90	32	**US BROAD MARKET**	1,209.65	0.33	**23.1**	25.1
3.40	17	**EUROPE**	83.94	-1.02	**20.9**	16.1

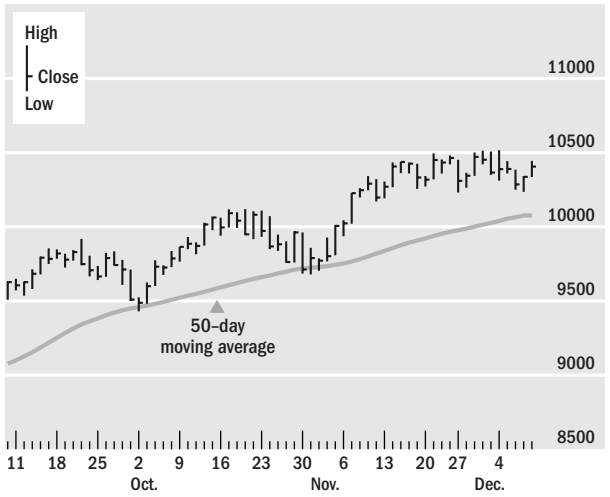
*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10406.28** ▲ 69.23, or 0.67%
YEAR TO DATE: ▲ **1,629.89, or 18.6%**
OVER 52 WEEKS ▲ **1,841.19, or 21.5%**

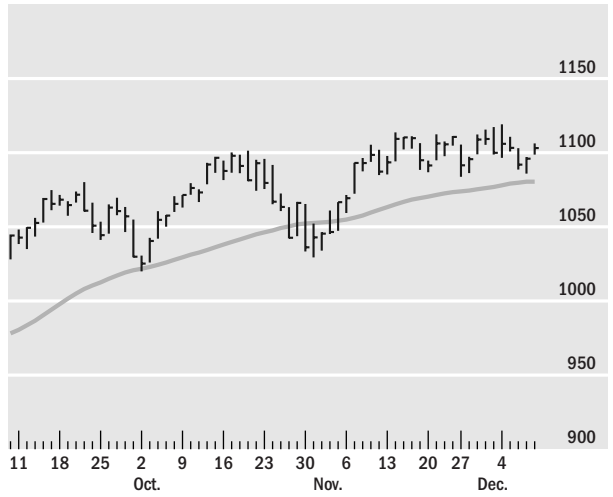


Nasdaq Composite Index P/E: 44*

LAST: **2196.64** ▲ 12.91, or 0.59%
YEAR TO DATE: ▲ **619.61, or 39.3%**
OVER 52 WEEKS ▲ **688.76, or 45.7%**

S&P 500 Index P/E: 72

LAST: **1103.11** ▲ 7.16, or 0.65%
YEAR TO DATE: ▲ **199.86, or 22.1%**
OVER 52 WEEKS ▲ **229.52, or 26.3%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**6.60**	$27.84	0.28	**1.01%**
Alcoa	AA	**18.40**	13.44	0.36	**2.75**
AmExpress	AXP	**3.20**	40.14	0.25	**0.64**
BankAm	BAC	**119.30**	15.13	-0.26	**-1.69**
Boeing	BA	**2.00**	55.18	-0.29	**-0.52**
Caterpillar	CAT	**2.40**	56.78	0.60	**1.07**
Chevron	CVX	**4.60**	78.25	1.19	**1.55**
CiscoSys	CSCO	**17.30**	23.89	0.03	**0.13**
CocaCola	KO	**6.10**	58.45	0.62	**1.07**
Disney	DIS	**5.90**	31.27	0.92	**3.02**
DuPont	DD	**3.60**	32.01	0.42	**1.33**
ExxonMobil	XOM	**8.80**	72.69	-0.10	**-0.13**
GenElec	GE	**24.80**	15.69	0.03	**0.19**
HewlettPk	HPQ	**9.10**	50.11	0.16	**0.32**
HomeDpt	HD	**4.80**	28.02	0.47	**1.71**
Intel	INTC	**20.00**	20.11	0.09	**0.47**
IBM	IBM	**3.10**	128.97	0.58	**0.45**
JPMorgChas	JPM	**15.80**	41.02	-0.17	**-0.42**
JohnsJohns	JNJ	**3.40**	64.91	0.53	**0.82**
KftFoods	KFT	**3.50**	26.56	-0.15	**-0.56**
McDonalds	MCD	**3.10**	61.19	0.59	**0.97**
Merck	MRK	**6.30**	37.74	0.59	**1.59**
Microsoft	MSFT	**15.70**	29.90	0.19	**0.64**
Pfizer	PFE	**16.30**	18.40	0.16	**0.85**
ProctGamb	PG	**3.50**	62.68	0.44	**0.71**
3M	MMM	**2.50**	80.24	0.50	**0.63**
TravelersCos	TRV	**1.20**	50.60	0.50	**1.00**
UnitedTech	UTX	**1.80**	68.21	0.80	**1.19**
Verizon	VZ	**4.80**	33.43	0.13	**0.39**
WalMart	WMT	**5.00**	54.74	0.67	**1.24**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**226.6**	$3.88	$0.02	**0.52%**
BankAm	BAC	**123.1**	15.14	–0.25	**–1.62**
SPDR S&P 500	SPY	**55.1**	110.78	0.76	**0.69**
SprintNextel	S	**44.1**	3.99	–0.14	**–3.39**
PwrShrs QQQ	QQQQ	**36.9**	44.42	0.34	**0.77**
US NatGas	UNG	**36.2**	9.70	0.59	**6.48**
SPDR FnclSelSct	XLF	**33.2**	14.30	–0.01	**–0.07**
3ComCp	COMS	**26.4**	7.39	0.05	**0.68**
GenElec	GE	**25.3**	15.69	0.03	**0.16**
DrxFinancBear 3x	FAZ	**21.7**	20.55	0.00	**0.00**
WellsFargo	WFC	**20.7**	25.62	–0.34	**–1.31**
Intel	INTC	**20.2**	20.10	0.09	**0.45**
iShrRu2000	IWM	**20.0**	60.14	0.29	**0.48**
iShrMSCIEmrgMkt	EEM	**19.4**	41.08	0.12	**0.30**
Alcoa	AA	**18.4**	13.44	0.36	**2.75**

Biggest gainers...

LeeEnt	LEE	**506.5**	$3.76	$0.57	**17.87%**
OxfordInd	OXM	**331.0**	24.13	3.06	**14.52**
AmerianaBcp	ASBI	**9.4**	2.78	0.33	**13.47**
HansenMed	HNSN	**1,506.1**	2.97	0.30	**11.24**
Gildan	GIL	**2,163.2**	22.29	2.25	**11.23**

...Biggest losers

SIGA Tch	SIGA	**1,776.5**	$7.38	-$1.28	**-14.78%**
CowenGrp	COWN	**58.9**	5.66	-0.93	**-14.11**
UnivTravelGp	UTA	**1,173.9**	9.05	-1.30	**-12.56**
FstFedAR	FFBH	**23.2**	2.47	-0.32	**-11.59**
Penichck	PNNW	**133.7**	21.00	-2.35	**-10.06**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$6.36	**Taiwan Semi**	TSM	**5,267.2**	$10.80	-0.10	**-0.92%**
78.75	33.09	**BHP Billiton**	BHP	**1,844.3**	73.16	-0.40	**-0.54**
11.73	6.03	**AU Optrncs**	AUO	**1,291.9**	10.83	-0.11	**-1.01**
8.19	3.45	**Siliconware Prec Ind**	SPIL	**959.5**	6.63	-0.13	**-1.92**
59.22	40.20	**China Mobile**	CHL	**780.6**	46.30	-0.21	**-0.45**
3.87	1.65	**Utd Microelectronics**	UMC	**739.8**	3.45	-0.04	**-1.15**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**698.1**	5.25	-0.13	**-2.42**
15.95	8.56	**China Unicom**	CHU	**600.5**	13.25	0.05	**0.38**
19.56	15.05	**ChunghwaTel**	CHT	**477.0**	18.02	-0.02	**-0.11**
18.80	12.59	**SK Telecom**	SKM	**431.0**	16.78	0.20	**1.21**
4.63	1.45	**Adv Semi Engrg**	ASX	**403.8**	4.17	0.03	**0.72**
53.13	22.61	**Infosys Tech**	INFY	**393.8**	52.58	0.09	**0.17**
17.66	11.30	**KT Corp**	KTC	**380.4**	17.44	0.56	**3.32**
32.79	9.91	**Aluminum Cp of China**	ACH	**327.7**	27.73	-0.05	**-0.18**
9.50	3.96	**Nomura Hldgs**	NMR	**320.7**	7.48	-0.16	**-2.09**
30.82	15.64	**Sony**	SNE	**247.4**	28.46	0.03	**0.11**
27.96	17.71	**NTT**	NTT	**235.6**	21.31	-0.14	**-0.65**
135.92	63.94	**PetroChina**	PTR	**214.4**	123.85	-0.95	**-0.76**
9.82	5.43	**Telecom Corp of NZ**	NZT	**196.4**	8.85	0.42	**4.98**
150.50	47.09	**POSCO**	PKX	**164.3**	122.90	1.40	**1.15**
42.49	21.23	**Canon**	CAJ	**161.4**	42.19	0.90	**2.18**
7.10	2.00	**Alumina**	AWC	**142.9**	5.72	0.03	**0.53**
21.59	5.11	**Yanzhou Coal Mining**	YZC	**129.6**	21.28	0.44	**2.11**
87.67	56.79	**Toyota Motor**	TM	**129.5**	83.77	-0.25	**-0.30**
15.29	6.85	**Korea Elec Pwr**	KEP	**122.8**	14.01	0.04	**0.29**
81.00	37.43	**China Life Ins**	LFC	**114.7**	77.57	0.52	**0.67**
20.35	13.11	**NTT DoCoMo**	DCM	**92.6**	14.84	-0.14	**-0.93**
4.00	1.14	**SemiMfgInt**	SMI	**90.7**	3.06	-0.06	**-1.92**
94.00	46.45	**China Petro & Chem**	SNP	**84.3**	83.13	-0.49	**-0.59**
16.60	10.60	**Matsushita Elec**	PC	**80.2**	13.94	-0.16	**-1.13**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

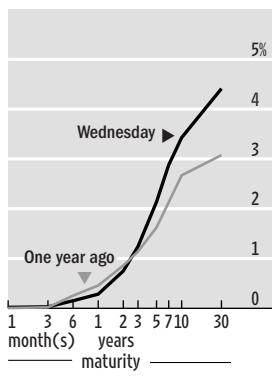
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.472%**	**368.6**	366.0	383.2	**223.0**	**4.390%**	4.694%	**3.090%**
4.500	10	**5.508**	**203.0**	212.5	224.1	**178.2**	**5.517**	5.732	**4.470**
5.250	**Austria** 2	**0.910**	**12.4**	14.1	6.4	**153.6**	**0.871**	0.926	**2.396**
4.350	10	**3.523**	**4.5**	11.0	15.0	**132.5**	**3.502**	3.641	**4.013**
3.500	**Belgium** 2	**1.108**	**32.2**	29.8	22.2	**180.4**	**1.028**	1.084	**2.664**
4.000	10	**3.634**	**15.6**	18.8	20.7	**135.3**	**3.580**	3.698	**4.041**
1.250	**Canada** 2	**1.224**	**43.8**	47.1	54.7	**66.9**	**1.201**	1.409	**1.529**
3.750	10	**3.355**	**-12.3**	-10.0	1.1	**40.2**	**3.292**	3.502	**3.090**
4.000	**Denmark** 2	**2.073**	**128.7**	132.0	145.0	**254.6**	**2.050**	2.312	**3.406**
4.000	10	**3.547**	**6.9**	10.0	20.3	**104.7**	**3.492**	3.694	**3.735**
1.500	**France** 2	**1.167**	**38.1**	42.0	44.9	**175.6**	**1.150**	1.311	**2.616**
3.750	10	**3.464**	**-1.4**	3.2	12.4	**96.7**	**3.424**	3.615	**3.655**
1.250	**Germany** 2	**1.255**	**46.9**	48.4	38.2	**138.5**	**1.214**	1.244	**2.245**
3.250	10	**3.177**	**-30.1**	-26.2	-15.8	**51.7**	**3.130**	3.333	**3.205**
0.550	**Hong Kong** 2	**0.447**	**-33.9**	-28.3	-37.6	**13.2**	**0.447**	0.486	**0.992**
2.160	10	**2.480**	**-99.8**	-91.5	-114.9	**-97.5**	**2.477**	2.342	**1.713**
3.750	**Italy** 2	**1.647**	**86.1**	93.0	63.6	**236.4**	**1.660**	1.498	**3.224**
4.250	10	**4.037**	**55.9**	60.6	46.7	**180.0**	**3.998**	3.958	**4.488**
0.300	**Japan** 2	**0.185**	**-60.1**	-54.5	...	**-28.0**	**0.185**	...	**0.580**
1.300	10	**1.249**	**-222.9**	-215.2	-204.1	**-133.8**	**1.240**	1.450	**1.350**
4.000	**Netherlands** 2	**0.877**	**9.1**	9.7	6.8	**157.0**	**0.827**	0.930	**2.430**
4.000	10	**3.442**	**-3.6**	2.0	10.1	**112.4**	**3.412**	3.592	**3.812**
3.200	**Portugal** 2	**1.329**	**54.3**	56.6	32.3	**217.8**	**1.296**	1.185	**3.038**
4.750	10	**3.932**	**45.4**	52.9	33.7	**143.6**	**3.921**	3.828	**4.124**
5.350	**Spain** 2	**1.465**	**67.9**	67.1	52.8	**201.2**	**1.401**	1.390	**2.872**
4.300	10	**3.856**	**37.8**	44.1	37.8	**132.2**	**3.833**	3.869	**4.010**
4.000	**Switzerland** 2	**0.382**	**-40.4**	-37.4	-37.1	**6.5**	**0.356**	0.491	**0.925**
3.000	10	**1.888**	**-159.0**	-152.1	-149.7	**-39.3**	**1.871**	1.994	**2.295**
3.250	**U.K.** 2	**1.148**	**36.2**	37.6	-9.8	**98.3**	**1.106**	0.764	**1.843**
4.500	10	**3.802**	**32.4**	27.1	34.5	**88.1**	**3.663**	3.836	**3.569**
0.750	**U.S.** 2	**0.786**	**...**	...	...	**...**	**0.730**	0.862	**0.860**
3.375	10	**3.478**	**...**	...	...	**...**	**3.392**	3.491	**2.688**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.411%**	16.51	–3.41%	–4.92%	–22.97%	–17.38%
10-year Treasury	**3.427**	8.36	–1.78	–0.28	–6.43	–2.98
7 Year Treasury	**2.879**	6.30	–1.10	1.20	...	...
Five-year Treasury	**2.138**	4.70	–0.55	1.67	1.65	2.51
Ryan Index	**2.475**	6.79	–1.20	–0.05	–4.44	–1.99
3 Year Treasury	**1.242**	2.94	–0.20	1.27	2.35	3.12
Two-year Treasury	**0.750**	1.96	–0.14	0.79	1.93	2.30
1 Year Treasury	**0.284**	0.94	–0.02	0.28	1.03	1.22
Six-month Treasury	**0.152**	0.50	0.01	0.07	0.64	0.75
Ryan Cash Index-a	**0.122**	0.44	...	0.11	0.55	0.62
Three-month bill	**0.030**	0.25	0.01	0.05	0.36	0.35
One-month bill	**0.020**	0.08	0.01	0.02	0.14	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	4.00%
Canada	**2.25**	3.50
Japan	**1.475**	1.675
Britain	**0.50**	2.00
ECB	**1.00**	2.50
Switzerland	**0.53**	2.03
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23406%**	1.19500%
Three month	**0.25425**	1.99625
Six month	**0.45756**	2.32250
One year	**1.00650**	2.52875

	Latest	52 wks ago
Euro Libor		
One month	**0.45688%**	3.01125%
Three month	**0.67750**	3.32875
Six month	**0.98000**	3.41875
One year	**1.22375**	3.51875
Hibor		
One month	**0.05107**	1.04214%
Three month	**0.10821**	1.68714
Six month	**0.23643**	2.20286
One year	**0.53857**	2.35714
Asian dollars		
One month	**0.2445%**	1.29%
Three month	**0.2658**	2.0420
Six month	**0.4713**	2.3920
One year	**1.0050**	2.5580

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3200**	0.2200
Six month	**0.4000**	0.3000
One year	**0.6500**	0.5500

	Latest	52 wks ago
U.S. discount	**0.50%**	1.25%
Fed-funds target	**0.25**	1.00
Call money	**2.00**	2.75
Overnight repurchase rates		
U.S.	**0.21%**	0.15%
U.K. (BBA)	**0.470**	1.892
Euro zone	**0.37**	2.29

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Thursday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

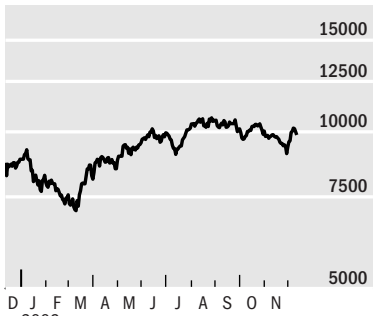
WSJ.com

Follow the markets throughout the day, with updated stock quotes, news and commentary at **WSJ.com.**.
Also, receive emails that summarize the day's trading in Europe and Asia.
To sign up, go to **WSJ.com/Email**

Asian index movers...

Nikkei Stock Average
Japan 9862.82
▼ **1.42% or 141.90**

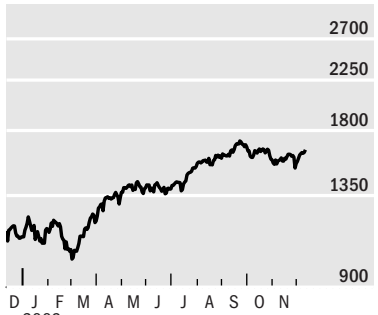
A stronger yen and weakness in some regional Asian bourses pushed shares lower. Suzuki Motor sank 6.5%, while Sanyo Electric bucked the market's decline, rising 11%.



Stock	Volume in millions	Close	Change Net	Change %
Sanyo Elec	**146.85**	176	17	10.69
Mizuho Financial	**135.34**	157	–4	–2.48
Mtshbsh Fin Grp	**102.39**	462	–15	–3.14
Hitachi	**69.79**	233	2	0.87
Nomura Hldgs	**57.63**	655	–7	–1.06

Kospi
South Korea 1652.73
▲ **1.14% or 18.56**

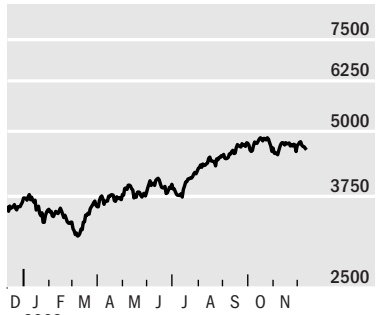
Program buying in nonarbitrage trade helped reverse early losses on concerns about the impact of the government ending its expansionary measures. Samsung rose 1.3%.



Stock	Volume in millions	Close	Change Net	Change %
DaewooElec	**78.71**	145	–25	–14.71
Hansol Homedeco	**46.51**	1,420	20	1.43
Ssangyong Motor	**32.93**	3,520	455	14.85
Korea Data Sys	**12.20**	415	unch	...
Zeroone	**9.76**	145	unch	...

ASX 200
Australia 4606.66
▼ **0.67% or 31.23**

The market remained under pressure, declining for a fifth consecutive day despite stronger-than-expected domestic employment data. Rio Tinto fell 1.6%.



Stock	Volume in millions	Close	Change Net	Change %
Boart Longyear	**198.13**	0.35	0.02	4.55
Elders Limited	**60.31**	0.16	unch	...
Goodman Grp-Stpl	**57.50**	0.56	–0.01	–1.75
GPT Group	**54.82**	0.57	–0.01	–1.74
Telstra	**40.03**	3.47	0.02	0.58

CBN 600
China 29138.66
▲ **0.65% or 188.04**

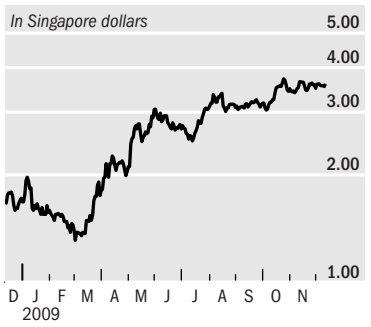
Electronics makers led slight market gains as the government's measures to sustain economic recovery met with a cool response from investors. Hisense Electric rose 5.7%.

Stock	Volume in millions	Close	Change Net	Change %
China State Con	**212.48**	4.92	0.03	0.61
United Network	**167.85**	6.52	–0.01	–0.15
ChinaVankeCoA	**155.43**	11.91	–0.12	–1.00
BaoshanIron&Steel	**129.45**	9.12	–0.12	–1.30
ChinaMinshengBkg	**117.63**	7.78	0.08	1.04

Asian stocks in the news

SembCorp Marine
Singapore S$3.60
▲ **1.7% or S$0.06**

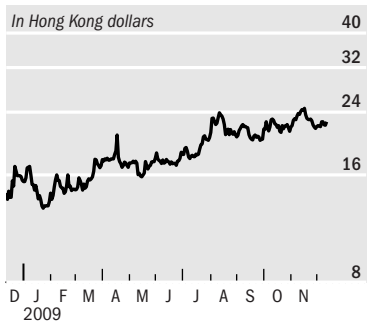
Shares gained as rig builder sees increase in orders from oil and gas companies.



	Price-to-earnings ratio			**16**
	Earnings per share, past four quarters			**0.23**
	Dividend yield			**3.1**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs		**-1.1%**	-0.8%	41.1%
SembCorp Marine		**1.7%**	...	116.9%

Yue Yuen Indl (Hldgs)
Hong Kong HK$22.55
▲ **2.3% or HK$0.50**

The sports footwear maker said November operating revenue fell 3% from a year earlier.



	Price-to-earnings ratio			**17**
	Earnings per share, past four quarters			**1.36**
	Dividend yield			**3.9**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds		**-1.2%**	0.4%	20.4%
Yue Yuen Indl (Hldgs)		**2.3%**	3.2%	58.8%

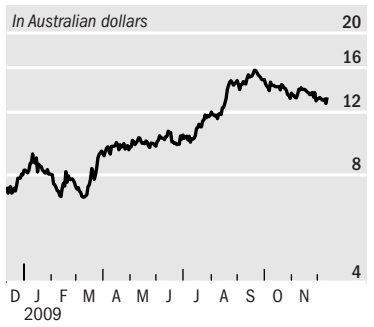
Teijin
Japan ¥291
▲ **3.6% or ¥10**

Stock rose for a second day amid a gain for the textile sector.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-28.40**
	Dividend yield			**0.7**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Chemicals		**-1.6%**	-1.2%	42.5%
Teijin		**3.6%**	1.7%	13.2%

UGL
Australia A$13.20
▲ **4.0% or A$0.51**

Stock climbed after contractor cited a pick up in activity within the resources sector.



	Price-to-earnings ratio			**15**
	Earnings per share, past four quarters			**0.87**
	Dividend yield			**2.7**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Constructn & Matl		**0.1%**	-1.5%	32.2%
UGL		**4.0%**	0.8%	78.1%

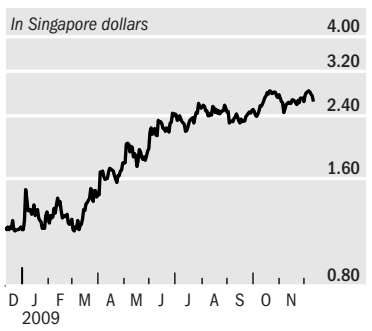
Sanyo Electric
Japan ¥176
▲ **10.7% or ¥17**

Shares jumped on a report that Sanyo and Sekisui House are developing homes with lithium ion batteries.

	Price-to-earnings ratio			**none**
	Earnings per share, past four quarters			**-13.60**
	Dividend yield			**none**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds		**-1.2%**	0.4%	20.4%
Sanyo Elec		**10.7%**	10.0%	17.3%

Olam Intl
Singapore S$2.63
▼ **3.7% or S$0.10**

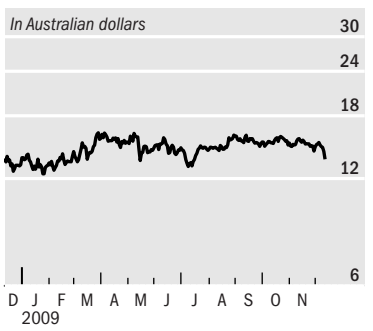
RBS downgraded stock on concerns about noncash items, potentially uncollectible export incentives.



	Price-to-earnings ratio			**18**
	Earnings per share, past four quarters			**0.15**
	Dividend yield			**1.3**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Food & Beverage		**-0.9%**	-1.6%	34.1%
Olam Intl		**-3.7%**	-6.1%	124.8%

Santos
Australia A$13.59
▼ **5.0% or A$0.71**

Stock fell amid weakness in commodity prices and resource shares.



	Price-to-earnings ratio			**6**
	Earnings per share, past four quarters			**2.37**
	Dividend yield			**1.6**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas		**-0.5%**	-3.5%	51.0%
Santos		**-5.0%**	-10.3%	-0.5%

Inpex
Japan ¥640,000
▼ **5.3% or ¥36,000**

A decline in commodity stocks after a drop in gold and oil prices hurt shares.

	Price-to-earnings ratio			**16**
	Earnings per share, past four quarters			**40281.40**
	Dividend yield			**0.8**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas		**-0.5%**	-3.5%	51.0%
Inpex		**-5.3%**	-6.2%	-0.2%

Suzuki Motor
Japan ¥2,215
▼ **6.5% or ¥155**

Concerns about equity dilution in its tie-up with Volkswagen made shares slump.

	Price-to-earnings ratio			**48**
	Earnings per share, past four quarters			**46.10**
	Dividend yield			**0.7**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts		**-2.2%**	-1.6%	48.6%
Suzuki Motor		**-6.5%**	-0.2%	78.9%

Denway Motors
Hong Kong HK$4.63
▼ **8.1% or HK$0.41**

Shares of the auto company plunged after Beijing said it will roll back some tax incentives.

	Price-to-earnings ratio			**15**
	Earnings per share, past four quarters			**0.31**
	Dividend yield			**1.2**
		PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts		**-2.2%**	-1.6%	48.6%
Denway Motors		**-8.1%**	-10.6%	82.3%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

RBS has a big wish in Asia

Christmas will have come early for **Royal Bank of Scotland Group** if it can finally secure a deal to sell its remaining retail and commercial banking operations in Asia.

HSBC Holdings is close to sealing a transaction with the troubled British bank for its businesses in China, India and Malaysia, assets RBS has been looking to sell since February.

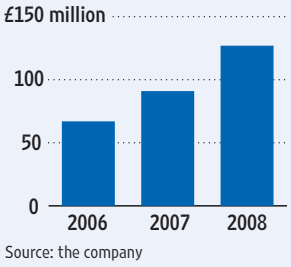
Interested parties such as Standard Chartered and Australia & New Zealand Banking Group have fallen by the wayside since then, put off either by price, the steep regulatory hurdles involved or questions over the underlying quality of RBS's books in these countries. Standard Chartered was reported to have balked at a price tag of $200 million to $250 million for the assets RBS is off-loading.

Nor has it ever really been an option for RBS to sweeten the deal by offering to sell its other operations in Asia at the same time: It is intending to hold on to its investment-banking and wealth-management businesses in the region. Those are more likely to contribute to the revenue growth the bank needs if it's ever to wriggle free of U.K.-government ownership. And selling off an Asian business in a sector as globally connected as investment banking would be counterproductive.

Bloomberg News

Value rising

RBS's Asia retail & commercial banking contributions to group profit



Source: the company

This combination of factors means HSBC is left as the only natural buyer for what RBS is selling. With Standard Chartered out of the running, in particular, it's pretty much the only bank left with a significant presence in the countries where RBS is selling, and the wherewithal to do such a deal.

For HSBC, the potential acquisition looks to be all about expanding its footprint incrementally—in China, for example, it could add RBS's 10 retail branches to its existing 87 outlets, taking it closer to a goal of 120 branches in China by the end of 2010.

Regulatory approval is said to be all that's delaying the deal now. RBS will be hoping regulators are getting into the spirit of the season.

—Andrew Peaple

OVERHEARD

Winners' curse? **J.P. Morgan Chase** CEO **James Dimon** this week was named Banker of the Year by trade newspaper American Banker, for the second time in his career. It is perhaps not an award he would want. Several recipients have seen their careers spiral downward. Last year's recipient, **Bank of America**'s **Kenneth Lewis**, is, of course, leaving his post at the end of this year, hounded by politicians and regulators over his acquisition of Merrill Lynch. Other honorees include **Ken Thompson**, forced to resign from Wachovia, and **Kerry Killinger**, CEO of Washington Mutual until shortly before its collapse. Then there was **Angelo Mozilo**, CEO of Countrywide Financial, one of the banks blamed for the mortgage meltdown, who got a lifetime achievement award from American Banker in 2006. At least there will be no award dinner this year.

Thumbs up for the U.K. bonus tax

Where London has led, will others follow? The U.K. government's decision to introduce a windfall tax on bank bonuses is an entirely justifiable response to the sector's failure to exercise self-restraint throughout the crisis. That the U.K. has found a way to tax payouts that not only doesn't weaken bank balance sheets but provides an incentive to conserve capital is smart—and provides a template for other countries grappling with this issue.

The U.K. will require banks to pay an additional payroll tax of 50% on all discretionary bonuses over £25,000 ($40,700) for one year only, a threshold deliberately set nearly exactly in line with the U.K. average national wage. For banks, the marginal cost of paying bonuses is closer to 70% since the charge isn't deductible against the regular corporation tax.

Banks will be forced to make tough calls. They will have decide whether to increase the size of bonus pools to maintain payment sizes, transferring the pain to shareholders, or pay the tax and cut the size of payouts.

The government hopes some banks will take the hint and cut bonus pools and rebuild capital instead. Some will argue it is unfair to target bankers in this way, particularly when the treasury expects the tax to raise only £500 million, compared with this year's £178 billion deficit. But that misses the point: What is unfair is that institutions only in business because of unprecedented taxpayer support should be paying out vast bonuses. It is right that systemically important financial institutions are made to pay for the implicit guarantees that enable them to pay supernormal compensation.

Of course, there's a risk of unintended consequences. If U.K.-based bankers find they are paid significantly less than colleagues elsewhere, some may leave—although the history of previous one-time taxes suggests this is unlikely. Instead, banks may be tempted to jack up base salaries. But bankers should beware raising their fixed-cost base too far, or they may find their jobs transfer to boutiques and hedge funds.

Smart bankers will bite their tongues and count their fingers. Unless global regulators show considerably much more teeth than they have so far, giant bonuses will be back next year.

—Simon Nixon

Liberation of Citi is path to a letdown

Think of the anticlimactic pang that often follows when you finally get something you've yearned for.

That's what **Citigroup** investors must now be feeling as the bank approaches repayment of $20 billion in government preferred securities. It's not clear what will happen to taxpayers' 34% common stake in the bank. But redeeming the preferred shares would clearly signal the government's intent to wind down its involvement in the bank. That's positive for a lot of reasons, including making it easier for Citi to retain and attract talent.

So, why has Citi stock fallen amid reports that repayment is close?

First, repayment could hurt shareholders. Issuing as much as $20 billion of common or convertible stock would mean another bruising bout of dilution. Repayment could lead to a special charge of as much as $10.8 billion, estimates Bank of America Merrill Lynch. Although the preferreds are marked at fair value on Citi's balance sheet, they'd likely be redeemed at face value, which is higher, BofA says.

In addition, Citi looks set to leave the government's clutches with capital ratios far in excess of peers, suggesting regulators see it as more risky than other large banks. That could stigmatize the bank. The government, of course, could show confidence in the bank by signaling its intent to sell its large common stake.

Absent that, Citi's partial freedom will feel pretty flat.

—Peter Eavis

Bloomberg News

Citi's repayment of $20 billion could hurt shareholders.

Sticking with relativity

Many hedge funds that once played the bond market are long gone. They've left some big profits on the table.

Among the hardest-hit hedge funds over the past year have been those practicing relative-value arbitrage. These investors use huge dollops of leverage to buy bond investments while simultaneously betting against related bonds in hopes that, for instance, their values converge, often generating eye-catching gains.

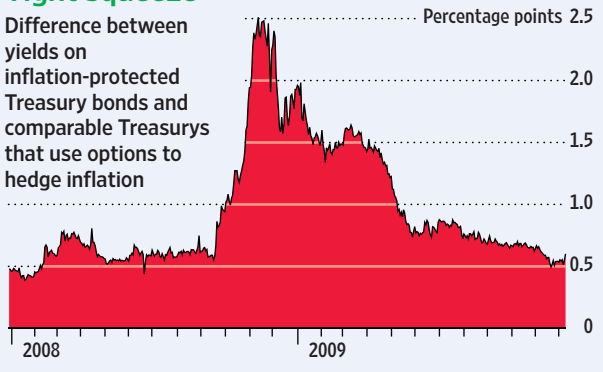
Just as frequently, however, they suffer colossal blowups, highlighted by 1998's collapse of Long-Term Capital Management.

The reliance on borrowed money crippled certain funds last year, when lenders pulled back. Others were hurt by sudden selling of almost every kind of bond. It all resulted in another round of embarrassing problems for relative-value funds. John Meriwether wound down his most recent hedge fund, for example, and Nobel-prize winner Myron Scholes halted redemptions after big losses at his fund.

Assets of funds following this strategy are down at least 20% since early 2008, according to Hedge Fund Research Inc. By some counts, this strategy now represents less than 4% of all hedge-fund assets, down from 9% in late 2005. Trading desks at Wall Street firms also are allocating less money to this type of bond trading.

Tight squeeze

Difference between yields on inflation-protected Treasury bonds and comparable Treasurys that use options to hedge inflation



Source: Barnegat Fund Management

But that pullback has created opportunities for relative-value survivors. Taking advantage of bond-market mispricings, **Barnegat Fund**, a $500 million fund, has scored gains of more than 130% this year by scooping up inflation-protected bonds that were dumped by rivals. Also feasting on the market's carcass has been the $200 million **Midway Market Neutral fund**, up about 80%, which has focused on mispricings in the mortgage market.

With many hedge funds still finding it a challenge to raise cash, opportunities remain. One example: The difference in yield between five-year U.S. Treasury Inflation-Protected Securities and five-year Treasury notes, after inflation has been hedged out in the derivatives market, is 0.5%. Because that's well above the average of 0.25% or so in the last five years, some traders are betting that the spread will shrink.

In the U.K., the Bank of England is buying massive amounts of government bonds with maturities of three to 50 years, causing these bonds to rally. But the program is expected to end in the next six weeks, so other hedge-fund investors are buying bonds with maturities just short of three years and betting against those longer maturities, a trade that could lead to more profits.

If the bond market returns to a semblance of stability, profits will dry up. But with the U.S. Federal Reserve likely to start raising interest rates at some point, and investors on edge about the debt of Dubai, Greece, anomalies and profits could continue.

—Gregory Zuckerman

Published by Dow Jones Publishing Company (Asia), Printed in Hong Kong by Superflag Advertising and Communication Limited. 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1, Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo, 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no.: Seoul#A00020 (Daily Newspaper), Publisher/Editor/Printer: Song, Pil-Ho. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No.: 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Mel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 381-7 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (K.M. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt. Ltd. 517-B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida - 201301 and PLOT No.EL-208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-1164620215. ACP no. F-2 (7/3) Press / 2009 FACSIMILE EDITION.